UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 27, 2020
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number: 001-32891

Hanesbrands Inc.
(Exact name of registrant as specified in its charter)

Maryland	**20-3552316**
(State of incorporation)	*(I.R.S. employer identification no.)*
1000 East Hanes Mill Road	
Winston-Salem, North Carolina	**27105**
(Address of principal executive office)	*(Zip code)*

(336) 519-8080
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐		
Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, Par Value $0.01	HBI	New York Stock Exchange

As of July 24, 2020, there were 348,160,775 shares of the registrant's common stock outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains information that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as “may,” “believe,” “will,” “expect,” “project,” “estimate,” “intend,” “anticipate,” “plan,” “continue” or similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements regarding our intent, belief and current expectations about our strategic direction, prospects and future results are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. In particular, statements with respect to trends associated with our business, our future financial performance and the potential effects of the global COVID-19 coronavirus outbreak included in this Quarterly Report on Form 10-Q specifically appearing under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” include forward-looking statements.

More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission (the “SEC”), including this Quarterly Report on Form 10-Q, our Quarterly Report on Form 10-Q for the quarter end March 28, 2020 and our Annual Report on Form 10-K for the year ended December 28, 2019, under the caption “Risk Factors,” and available on the “Investors” section of our corporate website, *www.Hanes.com/investors*. The contents of our corporate website are not incorporated by reference in this Quarterly Report on Form 10-Q.

PART I

Item 1. ***Financial Statements***

HANESBRANDS INC.

Condensed Consolidated Statements of Income
(in thousands, except per share amounts)
(unaudited)

	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net sales	$ 1,738,779	$ 1,760,927	$ 3,055,241	$ 3,348,951
Cost of sales	1,105,767	1,085,404	1,948,497	2,053,397
Gross profit	633,012	675,523	1,106,744	1,295,554
Selling, general and administrative expenses	391,476	445,923	831,078	916,310
Operating profit	241,536	229,600	275,666	379,244
Other expenses	5,050	8,249	11,540	15,700
Interest expense, net	41,659	46,522	78,508	94,581
Income before income tax expense	194,827	174,829	185,618	268,963
Income tax expense	33,646	25,274	32,311	38,320
Net income	$ 161,181	$ 149,555	$ 153,307	$ 230,643
Earnings per share:				
Basic	$ 0.46	$ 0.41	$ 0.43	$ 0.63
Diluted	$ 0.46	$ 0.41	$ 0.43	$ 0.63

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Condensed Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net income	$ 161,181	$ 149,555	$ 153,307	$ 230,643
Other comprehensive income (loss):				
Translation adjustments	95,033	(3,202)	(22,121)	4,184
Unrealized gain (loss) on qualifying cash flow hedges, net of tax of $4,031, $1,915, $(3,249) and $3,573, respectively	(6,177)	(5,158)	1,606	(9,077)
Unrecognized income from pension and postretirement plans, net of tax of $(1,794), $(1,411), $(3,066) and $(2,616), respectively	3,560	3,553	7,154	6,950
Total other comprehensive income (loss)	92,416	(4,807)	(13,361)	2,057
Comprehensive income	$ 253,597	$ 144,748	$ 139,946	$ 232,700

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)
(unaudited)

	June 27, 2020	December 28, 2019	June 29, 2019
Assets			
Cash and cash equivalents	$ 683,114	$ 328,876	$ 257,941
Trade accounts receivable, net	1,196,826	815,210	1,011,816
Inventories	1,958,443	1,905,845	2,223,199
Other current assets	193,422	174,634	176,296
Total current assets	4,031,805	3,224,565	3,669,252
Property, net	565,849	587,896	597,444
Right-of-use assets	479,677	487,787	484,168
Trademarks and other identifiable intangibles, net	1,478,721	1,520,800	1,541,306
Goodwill	1,233,184	1,235,711	1,240,853
Deferred tax assets	200,047	203,331	220,927
Other noncurrent assets	123,677	93,896	92,087
Total assets	$ 8,112,960	$ 7,353,986	$ 7,846,037
Liabilities and Stockholders' Equity			
Accounts payable	$ 1,152,273	$ 959,006	$ 1,026,863
Accrued liabilities	568,228	531,184	561,172
Lease liabilities	160,432	166,091	144,453
Notes payable	8,803	4,244	4,695
Accounts Receivable Securitization Facility	—	—	190,311
Current portion of long-term debt	112,512	110,914	156,189
Total current liabilities	2,002,248	1,771,439	2,083,683
Long-term debt	3,985,631	3,256,870	3,671,066
Lease liabilities - noncurrent	362,570	358,281	371,964
Pension and postretirement benefits	374,052	403,458	351,453
Other noncurrent liabilities	309,139	327,343	342,485
Total liabilities	7,033,640	6,117,391	6,820,651
Stockholders' equity:			
Preferred stock (50,000,000 authorized shares; $.01 par value)			
Issued and outstanding — None	—	—	—
Common stock (2,000,000,000 authorized shares; $.01 par value)			
Issued and outstanding — 348,092,986, 362,449,037 and 361,530,648, respectively	3,481	3,624	3,615
Additional paid-in capital	302,522	304,395	308,555
Retained earnings	1,404,326	1,546,224	1,285,842
Accumulated other comprehensive loss	(631,009)	(617,648)	(572,626)
Total stockholders' equity	1,079,320	1,236,595	1,025,386
Total liabilities and stockholders' equity	$ 8,112,960	$ 7,353,986	$ 7,846,037

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except per share data)
(unaudited)

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at March 28, 2020	**348,035**	**$ 3,480**	**$ 297,456**	**$ 1,296,060**	**$ (723,425)**	**$ 873,571**
Net income	—	—	—	161,181	—	161,181
Dividends ($0.15 per common share)	—	—	—	(52,915)	—	(52,915)
Other comprehensive income	—	—	—	—	92,416	92,416
Stock-based compensation	—	—	4,393	—	—	4,393
Net exercise of stock options, vesting of restricted stock units and other	58	1	673	—	—	674
Balances at June 27, 2020	**348,093**	**$ 3,481**	**$ 302,522**	**$ 1,404,326**	**$ (631,009)**	**$ 1,079,320**

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at December 28, 2019	**362,449**	**$ 3,624**	**$ 304,395**	**$ 1,546,224**	**$ (617,648)**	**$ 1,236,595**
Net income	—	—	—	153,307	—	153,307
Dividends ($0.30 per common share)	—	—	—	(107,336)	—	(107,336)
Other comprehensive loss	—	—	—	—	(13,361)	(13,361)
Stock-based compensation	—	—	9,034	—	—	9,034
Net exercise of stock options, vesting of restricted stock units and other	108	2	1,348	—	—	1,350
Share repurchases	(14,464)	(145)	(12,255)	(187,869)	—	(200,269)
Balances at June 27, 2020	**348,093**	**$ 3,481**	**$ 302,522**	**$ 1,404,326**	**$ (631,009)**	**$ 1,079,320**

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Condensed Consolidated Statements of Stockholders' Equity - (Continued)
(in thousands, except per share data)
(unaudited)

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at March 30, 2019	**361,471**	**$ 3,615**	**$ 306,084**	**$ 1,191,111**	**$ (567,819)**	**$ 932,991**
Net income	—	—	—	149,555	—	149,555
Dividends ($0.15 per common share)	—	—	—	(54,824)	—	(54,824)
Other comprehensive loss	—	—	—	—	(4,807)	(4,807)
Stock-based compensation	—	—	1,982	—	—	1,982
Net exercise of stock options, vesting of restricted stock units and other	60	—	489	—	—	489
Balances at June 29, 2019	**361,531**	**$ 3,615**	**$ 308,555**	**$ 1,285,842**	**$ (572,626)**	**$ 1,025,386**

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at December 29, 2018	**361,330**	**$ 3,613**	**$ 284,877**	**$ 1,079,503**	**$ (495,867)**	**$ 872,126**
Net income	—	—	—	230,643	—	230,643
Dividends ($0.30 per common share)	—	—	—	(109,676)	—	(109,676)
Other comprehensive income	—	—	—	—	2,057	2,057
Stock-based compensation	—	—	7,039	—	—	7,039
Net exercise of stock options, vesting of restricted stock units and other	201	2	2,265	—	—	2,267
Modification of deferred compensation plans	—	—	14,374	—	—	14,374
Cumulative effect of change in adoption of leases standard	—	—	—	6,556	—	6,556
Stranded tax related to U.S. pension plan	—	—	—	78,816	(78,816)	—
Balances at June 29, 2019	**361,531**	**$ 3,615**	**$ 308,555**	**$ 1,285,842**	**$ (572,626)**	**$ 1,025,386**

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended	
	June 27, 2020	June 29, 2019
Operating activities:		
Net income	$ 153,307	$ 230,643
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	45,399	46,889
Amortization of acquisition intangibles	12,199	12,537
Other amortization	5,107	5,063
Impairment of intangible assets	20,319	—
Amortization of debt issuance costs	5,119	4,758
Stock compensation expense	9,189	7,247
Deferred taxes	(2,201)	(2,582)
Other	9,259	5,475
Changes in assets and liabilities:		
Accounts receivable	(392,134)	(137,445)
Inventories	(61,409)	(165,512)
Other assets	(31,570)	(28,579)
Accounts payable	210,338	7,699
Accrued pension and postretirement benefits	(19,318)	(18,321)
Accrued liabilities and other	18,603	(25,235)
Net cash from operating activities	(17,793)	(57,363)
Investing activities:		
Capital expenditures	(46,512)	(58,285)
Proceeds from sales of assets	66	518
Other	5,823	—
Net cash from investing activities	(40,623)	(57,767)
Financing activities:		
Borrowings on notes payable	116,669	162,592
Repayments on notes payable	(112,373)	(163,703)
Borrowings on Accounts Receivable Securitization Facility	227,061	123,812
Repayments on Accounts Receivable Securitization Facility	(227,061)	(95,110)
Borrowings on Revolving Loan Facilities	1,638,000	1,602,500
Repayments on Revolving Loan Facilities	(1,638,000)	(1,422,500)
Borrowings on Senior Notes	700,000	—
Repayments on Term Loan Facilities	—	(141,623)
Borrowings on International Debt	31,222	7,141
Repayments on International Debt	—	(27,941)
Share repurchases	(200,269)	—
Cash dividends paid	(105,896)	(108,449)
Payments of debt issuance costs	(14,834)	(768)
Taxes paid related to net shares settlement of equity awards	(80)	(1,157)
Other	879	985
Net cash from financing activities	415,318	(64,221)
Effect of changes in foreign exchange rates on cash	(2,669)	4,282
Change in cash, cash equivalents and restricted cash	354,233	(175,069)
Cash, cash equivalents and restricted cash at beginning of year	329,923	455,732
Cash, cash equivalents and restricted cash at end of period	684,156	280,663
Less restricted cash at end of period	1,042	22,722
Cash and cash equivalents per balance sheet at end of period	$ 683,114	$ 257,941

Capital expenditures included in accounts payable at June 27, 2020 and December 28, 2019, were $4,058 and $19,327, respectively. For the six months ended June 27, 2020 and June 29, 2019, right-of-use assets obtained in exchange for lease obligations were $23,769 and $38,840, respectively.

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements
(amounts in thousands, except per share data)
(unaudited)

(1) Basis of Presentation

These statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and, in accordance with those rules and regulations, do not include all information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Management believes that the disclosures made are adequate for a fair statement of the results of operations, financial condition and cash flows of Hanesbrands Inc. and its consolidated subsidiaries (the "Company" or "Hanesbrands"). In the opinion of management, the condensed consolidated interim financial statements reflect all adjustments, which consist only of normal recurring adjustments, necessary to state fairly the results of operations, financial condition and cash flows for the interim periods presented herein. The preparation of condensed consolidated interim financial statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amounts and disclosures. Actual results may vary from these estimates.

These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2019 Annual Report on Form 10-K. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

Liquidity and Impact of COVID-19

The COVID-19 global pandemic has impacted the Company's business operations and results of operations for the second quarter and the first six months of 2020 due to decreased customer traffic and temporary retail store closures worldwide. The Company's e-commerce sites have remained open in all regions. Most of the Company's retail stores were reopened by the end of the second quarter but have and are expected to continue to experience significant reductions in traffic and therefore, revenue. Many of the Company's wholesale customers have also substantially reduced their operations. The extent and duration of the global pandemic remains uncertain and may continue to impact consumer purchasing activity throughout the year. The evolving COVID-19 pandemic could continue to have an adverse impact on the Company's results of operations and liquidity; the operations of the Company's suppliers, vendors and customers; and employees as a result of quarantines, facility closures, and travel and other restrictions. While the ultimate global and economic impact of the COVID-19 pandemic remains highly uncertain, the Company expects its business operations and results of operations, including net sales, earnings and cash flows, will be materially impacted for at least the balance of 2020.

The Company relies on its cash flows generated from operations and the borrowing capacity under its credit facilities to meet the cash requirements of its business. The primary cash requirements of its business are payments to employees and vendors in the normal course of business, capital expenditures, maturities of debt and related interest payments, business acquisitions, contributions to its pension plans, repurchases of its stock, regular quarterly dividend payments and income tax payments. The Company is focused on preserving its liquidity and managing its cash flow during these unprecedented conditions with preemptive actions to enhance its ability to meet its short-term liquidity needs. Such actions include, but are not limited to, selling personal protective equipment ("PPE") such as cloth face coverings and gowns; operating manufacturing and distribution facilities on a demand-adjusted basis; reducing discretionary spending such as certain media and marketing expenses; focused working capital management; reducing capital expenditures; suspending its share repurchase program until further notice; reducing payroll costs, through temporary employee furloughs and pay cuts; working globally to maximize the Company's participation in all eligible government or other initiatives available to businesses or employees impacted by the COVID-19 pandemic; engaging with landlords to negotiate rent deferrals or other rent concessions; issuing new debt and amending certain existing debt facilities.

During the six months of 2020, the rapid expansion of the COVID-19 pandemic has resulted in a sharp decline in net sales and earnings in the Company's apparel businesses. Sales of PPE used to help mitigate the spread of the COVID-19 virus partially offset the negative impact of the COVID-19 pandemic. In addition, the Company's operating results also reflected impairment charges related to intangible assets, as well as additional charges to reserve for increased excess and obsolete inventory and bad debt charges due to the ongoing effects of the COVID-19 pandemic.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(amounts in thousands, except per share data)
(unaudited)

In light of temporary store closures related to the COVID-19 pandemic, the Company has taken actions with respect to certain of its existing leases, including withholding rent payments and engaging with landlords in an attempt to obtain rent deferrals and other rent concessions. If such negotiations are not successful, the lease liabilities associated with those leases could become immediately due and payable. Consistent with updated guidance from the Financial Accounting Standards Board ("FASB") in April 2020, the Company has elected to treat agreed-upon payment deferrals that result in the total payments required by the modified contract being substantially the same as total payments required by the contract as if there were no modifications to the lease contract. The Company has elected to treat other agreed-upon rent concessions which result in reduced minimum lease payments as variable lease payments. For any agreed-upon rent concessions which change the payment terms from minimum rental amounts to amounts based on a percentage of sales volume, the Company has elected to treat such changes as lease modifications under the current lease guidance.

Goodwill and indefinite-lived intangible assets are evaluated for impairment at least annually as of the first day of the third quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or intangible asset below its carrying values. During the second quarter of 2020, the Company completed a quantitative impairment analysis for certain indefinite-lived intangible assets as a result of the significant impact of the COVID-19 pandemic on their performance. Based on this analysis, the Company recorded impairment charges of $20,319 on trademarks and other intangible assets which are reflected in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statement of Income. Although the Company determined that no impairment exists for the Company's goodwill, other indefinite-lived or definite-lived intangible assets, these assets could be at risk for impairment should global economic conditions continue to deteriorate as a result of the COVID-19 pandemic.

In March 2020, the Company drew down $630,000 under the Revolving Loan Facility as a precautionary measure, to provide the Company with additional financial flexibility to manage its business with a safety-first emphasis during the unknown duration and impact of the COVID-19 pandemic. The Company subsequently repaid $490,000 of its borrowings under the Revolving Loan Facility in April 2020. In May 2020, the Company issued $700,000 aggregate principal amount of 5.375% Senior Notes resulting in net proceeds of approximately $691,250 which were used to repay all outstanding borrowings under its Revolving Loan Facility, pay related fees and expenses, and for general corporate purposes.

As of June 27, 2020, the Company was in compliance with all financial covenants under its credit facilities and other outstanding indebtedness. In April 2020, given the rapidly changing environment and level of uncertainty being created by the COVID-19 pandemic and the associated impact on future earnings, the Company amended its Senior Secured Credit Facility (as discussed in Note, "Debt and Notes Payable") prior to any potential covenant violation in order to modify the financial covenants and to provide operating flexibility during the COVID-19 crisis. After obtaining the debt amendment, which provides relief from certain covenants for a 15-month period and adds additional financial and non-financial covenants, the Company expects to maintain compliance with its covenants for at least one year from the date of these financial statements based on its current expectations and forecasts. If economic conditions caused by the COVID-19 pandemic worsen and the Company's earnings and operating cash flows do not start to recover as currently estimated by management, this could impact the Company's ability to maintain compliance with its amended financial covenants and require the Company to seek additional amendments to its Senior Secured Credit Facility. If the Company is not able to obtain such necessary additional amendments, this would lead to an event of default and, if not cured timely, its lenders could require the Company to repay its outstanding debt. In that situation, the Company may not be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay the lenders.

Revisions of Previously Issued Consolidated Financial Statements

As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 28, 2019, during the fourth quarter of 2019 the Company identified tax errors, which originated prior to 2017, in its previously issued 2018 and 2017 annual consolidated financial statements and quarterly condensed consolidated interim financial statements for each of the quarterly periods of 2018 and the first three quarterly periods of 2019. Although the Company assessed the materiality of the errors and concluded that the errors were not material to the previously issued annual or interim financial statements, the Company did revise its previously issued 2018 and 2017 annual financial statements to correct for such tax errors in connection with the filing of its 2019 Annual Report on Form 10-K, and disclosed that it would be revising its 2019 condensed consolidated interim financial statements in connection with the filing of its Quarterly Reports on Form 10-Q during 2020. In connection with such revision, the Company also corrected for certain other immaterial errors. In connection with the filing of this Quarterly Report on Form 10-Q, the Company has revised the accompanying condensed consolidated interim financial statements as of and for the quarter and six months ended June 29, 2019 to correct for the impact of such errors, including the impact to retained earnings as of June 29, 2019 to correct for the errors which originated in periods prior to 2019, which primarily related to the tax errors. The accompanying footnotes have also been corrected to reflect the impact of the revisions of the previously filed condensed consolidated interim consolidated financial statements.

Additionally, in connection with the filing of this Quarterly Report on Form 10-Q, the Company has disclosed the impact of the revisions to the condensed consolidated interim financial statements as of and for the quarter and nine months ended September 28, 2019 to correct for the impact of such errors. The Company will effect the revision of its unaudited condensed consolidated interim financial statements as of and for the quarter and nine months ended September 28, 2019 with the future filing of its Quarterly Report on Form 10-Q for the period ended September 26, 2020. See Note, "Revisions of Previously Issued Condensed Consolidated Interim Financial Statements" for reconciliations between as reported and as revised amounts as of and for the periods ended June 29, 2019 and September 28, 2019.

(2) Recent Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” which requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. The new accounting rules eliminate the probable initial recognition threshold and, instead, reflect an entity’s current estimate of all expected credit losses. The new accounting rules were effective for the Company in the first quarter of 2020 and applies to its trade receivables.

Under the new accounting rules, trade receivables are now evaluated on a collective (pool) basis and aggregated on the basis of similar risk characteristics. These classifications will be reassessed at each measurement date. A combination of factors, such as industry trends, customers’ financial strength, credit standing and payment and default history are considered in determining the appropriate estimate of expected credit losses. The adoption of the new accounting rules did not have a material impact on the Company’s financial condition, results of operations or cash flows.

Goodwill Impairment

In January 2017, the FASB issued ASU 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.” The new accounting rules simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test which previously measured a goodwill impairment loss by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount. The new accounting rules were effective for the Company in the first quarter of 2020. As a result of adopting the new rules, the Company will compare the estimated fair value of its reporting units to their respective carrying values when evaluating the recoverability of goodwill. If the carrying value of a reporting unit exceeds its fair value, an impairment charge will be recognized for the amount by which its carrying value exceeds the reporting unit’s fair value; however, the loss recognized will not exceed the goodwill allocated to the reporting unit. The adoption of the new accounting rules did not have an impact on the Company’s financial condition, results of operations or cash flows.

Fair Value

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820),” which modifies the disclosure requirements on fair value measurements. The new accounting rules were effective for the Company in the first quarter of 2020. The adoption of the new accounting rules did not have a material impact on the Company’s financial condition, results of operations or cash flows; however, its disclosures were updated upon adoption.

Retirement Benefits

In August 2018, the FASB issued ASU 2018-14, “Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20).” The new accounting rules expand disclosure requirements for employer sponsored defined benefit pension and other retirement plans. The new accounting rules were effective for the Company in the first quarter of 2020. The adoption of the new accounting rules did not have a material impact on the Company’s financial condition, results of operations or cash flows; however, expanded disclosures will be required on the Company’s Annual Report on Form 10-K for the year ended January 2, 2021.

Internal-Use Software

In August 2018, the FASB issued ASU 2018-15, “Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 340-40),” which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new accounting rules were effective for the Company in the first quarter of 2020. The adoption of the new accounting rules did not have a material impact on the Company’s financial condition, results of operations or cash flows.

Codification Improvements to Financial Instruments

In March 2020, the FASB issued ASU 2020-03, “Codification Improvements to Financial Instruments.” The new accounting rules clarify guidance around several subtopics by adopting enhanced verbiage to the following subtopics: fair value option disclosures, fair value measurement, investments - debt and equities securities, debt modifications and extinguishments, credit losses, and sales of financial assets. The standard was effective for the Company in the first quarter of 2020. The adoption of the new accounting rules did not have a material impact on the Company’s results of operations or cash flows.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” The new accounting rules reduce complexity by removing specific exceptions to general principles related to intraperiod tax allocations, ownership changes in foreign investments, and interim period income tax accounting for year-to-date losses that exceed anticipated losses. The new accounting rules also simplify accounting for franchise taxes that are partially based on income, transactions with a government that result in a step up in the tax basis of goodwill, separate financial statements of legal entities that are not subject to tax, and enacted changes in tax laws in interim periods. The new accounting rules will be effective for the Company in the first quarter of 2021. The Company is currently in the process of evaluating the impact of adoption of the new accounting rules on the Company’s financial condition, results of operations, cash flows and disclosures.

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” The new accounting rules provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform. The amendments in this standard can be applied anytime between the first quarter of 2020 and the fourth quarter of 2022. The Company is currently in the process of evaluating the impact of adoption of the new rules on the Company’s financial condition, results of operations, cash flows and disclosures.

(amounts in thousands, except per share data)

(3) Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied, which occurs at a point in time, upon either shipment or delivery to the customer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods, which includes estimates for variable consideration. Variable consideration includes trade discounts, rebates, volume-based incentives, cooperative advertising and product returns, which are offered within contracts between the Company and its customers, employing the practical expedient for contract costs. Incidental items that are immaterial to the context of the contract are recognized as expense at the transaction date.

The following table presents the Company's revenues disaggregated by the customer's method of purchase:

	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Third-party brick-and-mortar wholesale	$ 1,345,016	$ 1,360,994	$ 2,323,143	$ 2,592,417
Consumer-directed	393,763	399,933	732,098	756,534
Total net sales	$ 1,738,779	$ 1,760,927	$ 3,055,241	$ 3,348,951

Revenue Sources

Third-Party Brick-and-Mortar Wholesale Revenue

Third-party brick-and-mortar wholesale revenue is primarily generated by sales of the Company's products to retailers to support their brick-and-mortar operations. Also included within third-party brick-and-mortar wholesale revenues is royalty revenue from licensing agreements. The Company earns royalties through license agreements with manufacturers of other consumer products that incorporate certain of the Company's brands. The Company accrues revenue earned under these contracts based upon reported sales from the licensees. Additionally, in the quarter and six months ended June 27, 2020, third-party brick-and-mortar wholesale revenue includes $641,723 of revenue from contracts with governments generated from the sale of both cloth face coverings and gowns for use during the COVID-19 pandemic. Receivables from government contracts of $491,244 are included in "Trade accounts receivable, net" in the Company's condensed consolidated balance sheet at June 27, 2020.

Consumer-Directed Revenue

Consumer-directed revenue is primarily generated through sales driven directly by the consumer through company-operated stores and e-commerce platforms, which include both owned sites and the sites of the Company's retail customers.

(4) Acquisitions

Bras N Things

On February 12, 2018, the Company acquired 100% of the outstanding equity of BNT Holdco Pty Limited ("Bras N Things") for a total purchase price of A$498,236 (U.S.$391,572). During 2018, due to the final working capital adjustment, the purchase consideration was reduced by A$3,012 (U.S.$2,367), ultimately resulting in a revised purchase price of A$495,224 (U.S.$389,205), which included a cash payment of A$428,956 (U.S.$337,123), an indemnification escrow of A$31,988 (U.S.$25,140) and debt assumed of A$34,280 (U.S.$26,942). U.S. dollar equivalents are based on acquisition date exchange rates.

The Company funded the acquisition with a combination of short-term borrowings under its existing revolving loan facility (the "Revolving Loan Facility") and cash on hand. During the third quarter of 2019, A$31,425 (U.S.$21,360) of the indemnification escrow, including interest earned, was paid to the sellers. The remaining indemnification escrow, held in one of the Company's bank accounts, is recognized and classified as restricted cash, with the balance as of June 27, 2020 included in the "Other current assets" line of the Condensed Consolidated Balance Sheet.

Since February 12, 2018, goodwill related to the Bras N Things acquisition decreased by $792 as a result of measurement period adjustments, primarily related to working capital adjustments. The purchase price allocation was finalized in the first quarter of 2019.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(amounts in thousands, except per share data)
(unaudited)

(5) Stockholders' Equity

Basic earnings per share ("EPS") was computed by dividing net income by the number of weighted average shares of common stock outstanding during the period. Diluted EPS was calculated to give effect to all potentially issuable dilutive shares of common stock using the treasury stock method.

The reconciliation of basic to diluted weighted average shares outstanding is as follows:

	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Basic weighted average shares outstanding	350,538	364,637	354,778	364,603
Effect of potentially dilutive securities:				
Stock options	143	480	182	475
Restricted stock units	143	415	165	335
Employee stock purchase plan and other	5	5	8	5
Diluted weighted average shares outstanding	350,829	365,537	355,133	365,418

For the quarter ended June 27, 2020, there were 1,599 restricted stock units excluded from the diluted earnings per share calculation because their effect would be anti-dilutive. For the quarter ended June 29, 2019, there were no anti-dilutive restricted stock units. For the six months ended June 27, 2020 and June 29, 2019, there were 1,330 and 2 restricted stock units excluded from the diluted earnings per share calculation, respectively, because their effect would be anti-dilutive. For the quarters and six months ended June 27, 2020 and June 29, 2019, there were no anti-dilutive stock options to purchase shares of common stock.

On July 28, 2020, the Company's Board of Directors declared a regular quarterly cash dividend of $0.15 per share on outstanding shares of common stock to be paid on September 1, 2020 to stockholders of record at the close of business on August 11, 2020.

On February 6, 2020, the Company's Board of Directors approved a new share repurchase program for up to 40,000 shares to be repurchased in open market transactions, subject to market conditions, legal requirements and other factors. Additionally, management has been granted authority to establish a trading plan under Rule 10b5-1 of the Exchange Act in connection with share repurchases, which will allow the Company to repurchase shares in the open market during periods in which the stock trading window is otherwise closed for the Company and certain of the Company's officers and employees pursuant to the Company's insider trading policy. Unless terminated earlier by the Company's Board of Directors, the new program will expire when the Company has repurchased all shares authorized for repurchase under the new program. The new program replaced the Company's previous share repurchase program for up to 40,000 shares that was originally approved in 2016. For the quarter ended, June 27, 2020, the Company did not enter into any transactions to repurchase shares under the new program. For the six months ended June 27, 2020, the Company entered into transactions to repurchase 14,464 shares at a weighted average repurchase price of $13.83 per share under the new program. The shares were repurchased at a total cost of $200,269. The Company did not repurchase any shares under the previous share repurchase program during 2020 through the expiration of the program on February 6, 2020 or during the quarter or six months ended June 29, 2019. At June 27, 2020, the remaining repurchase authorization under the current share repurchase program totaled 25,536 shares. The primary objective of the share repurchase program is to utilize excess cash to generate shareholder value. Share repurchases are currently prohibited under the Senior Secured Credit Facility.

(6) Inventories

Inventories consisted of the following:

	June 27, 2020	December 28, 2019	June 29, 2019
Raw materials	$ 97,536	$ 83,545	$ 107,561
Work in process	137,508	136,592	169,509
Finished goods	1,723,399	1,685,708	1,946,129
	$ 1,958,443	$ 1,905,845	$ 2,223,199

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
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(7) Debt and Notes Payable

Debt and notes payable consisted of the following:

	Interest Rate as of June 27, 2020	Principal Amount June 27, 2020	Principal Amount December 28, 2019	Maturity Date
Senior Secured Credit Facility:				
Revolving Loan Facility	—	$ —	$ —	December 2022
Term Loan A	2.10%	625,000	625,000	December 2022
Term Loan B	1.93%	300,000	300,000	December 2024
Australian Revolving Loan Facility	1.67%	34,345	—	July 2021
5.375% Senior Notes	5.38%	700,000	—	May 2025
4.875% Senior Notes	4.88%	900,000	900,000	May 2026
4.625% Senior Notes	4.63%	900,000	900,000	May 2024
3.5% Senior Notes	3.50%	562,556	558,847	June 2024
European Revolving Loan Facility	1.50%	112,512	110,914	September 2020
Accounts Receivable Securitization Facility	—	—	—	March 2021
Total debt		4,134,413	3,394,761	
Notes payable		8,803	4,244	
Total debt and notes payable		4,143,216	3,399,005	
Less long-term debt issuance costs		36,270	26,977	
Less notes payable		8,803	4,244	
Less current maturities		112,512	110,914	
Total long-term debt		$ 3,985,631	$ 3,256,870	

As of June 27, 2020, the Company had $957,718 of borrowing availability under the $1,000,000 Revolving Loan Facility after taking into account $42,282 of standby and trade letters of credit issued and outstanding under this facility. In March 2020, in response to the uncertainty of the circumstances surrounding the COVID-19 pandemic, the Company drew down $630,000 under the Revolving Loan Facility as a precautionary measure to provide the Company with additional financial flexibility to manage its business with a safety-first emphasis during the unknown duration and impact of the COVID-19 pandemic. The Company subsequently repaid $490,000 of its borrowings under the Revolving Loan Facility in April 2020. The remaining outstanding balance on the Revolving Loan Facility was repaid in connection with the issuance of the 5.375% Senior Notes in May 2020 discussed below.

The Company entered into an accounts receivable securitization facility (the “Accounts Receivable Securitization Facility”) in November 2007. The Company’s maximum borrowing capacity under the Accounts Receivable Securitization Facility was $175,000 as of June 27, 2020. Borrowings under the Accounts Receivable Securitization Facility are permitted only to the extent that the face of the receivables in the collateral pool, net of applicable reserves and other deductions, exceeds the outstanding loans and also subject to a fluctuating facility limit, not to exceed $225,000. The Company had $81,868 borrowing availability under the Accounts Receivable Securitization Facility at June 27, 2020.

The Company had $6,869 of borrowing availability under the Australian Revolving Loan Facility, no borrowing availability under the European Revolving Loan Facility and $112,458 of borrowing availability under other international credit facilities after taking into account outstanding borrowings and letters of credit outstanding under the applicable facilities at June 27, 2020.

In March 2020, the Company amended the Accounts Receivable Securitization Facility. This amendment primarily decreased the fluctuating facility limit to $225,000 (previously $300,000) and extended the maturity date to March 2021. As a result of the COVID-19 pandemic, in May 2020, the Company amended the Accounts Receivable Securitization Facility which changed certain ratios, inserted a floor and raised pricing, as well as removed certain receivables from being pledged as collateral for the facility, increased limits on other receivables pledged as collateral and required the Company to maintain the same minimum liquidity covenant contained in the Senior Secured Credit Facility.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
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In May 2020, the Company issued $700,000 aggregate principal amount of 5.375% Senior Notes, with interest payable on May 15 and November 15 of each year commencing on November 15, 2020. The 5.375% Senior Notes will mature on May 15, 2025. The sale of the 5.375% Senior Notes resulted in net proceeds of $691,250 which were used to repay all outstanding borrowings under its Revolving Loan Facility, pay related fees and expenses, and for general corporate purposes. The issuance of the 5.375% Senior Notes resulted in $12,223 of capitalized debt issuance costs. Debt issuance costs are amortized to interest expense over the life of the debt instrument.

On and after May 15, 2022, the Company has the right to redeem all or a portion of the 5.375% Senior Notes, at the redemption prices set forth in the indenture governing the 5.375% Senior Notes, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

Prior to May 15, 2022, the Company has the right to redeem all or of a portion of the 5.375% Senior Notes at a redemption price equal to 100% of the principal amount plus a “make-whole” premium and accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, prior to May 15, 2022, the Company may on any one or more occasions redeem up to 40% of the notes with the net proceeds from certain equity offerings at a redemption price equal to 105.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The 5.375% Senior Notes are senior unsecured obligations of the Company and are fully and unconditionally guaranteed by the Company and each of its domestic subsidiaries that guarantee the Company’s Senior Secured Credit Facility. The indenture governing the 5.375% Senior Notes includes covenants that limit the ability of the Company and its subsidiaries to incur certain liens, enter into certain sale and leaseback transactions and the ability of the Company and the guarantors to consolidate, merge or sell all or substantially all of their assets. The indenture also contains customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest; breach of other agreements in the indenture; failure to pay certain other indebtedness; certain events of bankruptcy, insolvency or reorganization; failure to pay certain final judgments; and failure of certain guarantees to be enforceable.

In the event of a change of control of the Company and a rating downgrade, the Company will be required to offer to repurchase all outstanding 5.375% Senior Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date.

The 5.375% Senior Notes were issued in a transaction exempt from registration under the Securities Act and do not require disclosure of separate financial information for the guarantor subsidiaries.

As of June 27, 2020, the Company was in compliance with all financial covenants under its credit facilities and other outstanding indebtedness. The Company continues to monitor its covenant compliance. Under the terms of its Senior Secured Credit Facility, among other financial and non-financial covenants, the Company is required to maintain a minimum interest coverage ratio and a maximum leverage ratio. The interest coverage ratio covenant is the ratio of the Company’s EBITDA for the preceding four fiscal quarters to its consolidated total interest expense and the maximum leverage ratio covenant is the ratio of the Company’s net debt to EBITDA for the preceding four fiscal quarters. EBITDA is defined as earnings before interest, income taxes, depreciation expense and amortization, as computed pursuant to the Senior Secured Credit Facility.

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Notes to Condensed Consolidated Financial Statements — (Continued)
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In April 2020, given the rapidly changing environment and level of uncertainty being created by the COVID-19 pandemic and the associated impact on future earnings, the Company amended its Senior Secured Credit Facility prior to any potential covenant violation in order to modify the financial covenants and to provide operating flexibility during the COVID-19 crisis. The amendment effects changes to certain provisions and covenants under the Senior Secured Credit Facility during the period beginning with the fiscal quarter ended June 27, 2020 and continuing through the fiscal quarter ending July 3, 2021 (such period of time, the “Covenant Relief Period”), including: (a) suspension of compliance with the maximum leverage ratio; (b) reduction of the minimum interest coverage ratio from 3.00 to 1.00 to (i) 2.00 to 1.00 for the fiscal quarters ending June 27, 2020 through April 3, 2021 and (ii) 2.25 to 1.00 for the fiscal quarter ending July 3, 2021; (c) a minimum last twelve months EBITDA covenant of $625,000 as of June 27, 2020, $505,000 as of September 26, 2020, $445,000 as of January 2, 2021, $435,000 as of April 3, 2021 and $505,000 as of July 3, 2021; (d) a minimum liquidity covenant of $300,000, increasing to $400,000 upon certain conditions; (e) increased limitations on investments, acquisitions, restricted payments and the incurrence of indebtedness; and (f) anti-cash hoarding provisions. During the Covenant Relief Period, the applicable margin and applicable commitment fee margin will be calculated assuming the leverage ratio is greater than or equal to 4.50 to 1.00. The amendment also permanently amends the definition of “leverage ratio” for purposes of the financial covenant calculation to remove the maximum amount of cash allowed to be netted from the definition of “indebtedness” and to allow for the netting of cash from certain foreign subsidiaries. After obtaining the debt amendment, the Company expects to maintain compliance with its covenants for at least one year from the date of these financial statements based on its current expectations and forecasts. If economic conditions caused by the COVID-19 pandemic worsen and the Company’s earnings and operating cash flows do not start to recover as currently estimated by management, this could impact the Company’s ability to maintain compliance with its amended financial covenants and require the Company to seek additional amendments to its Senior Secured Credit Facility. If the Company is not able to obtain such necessary additional amendments, this would lead to an event of default and, if not cured timely, its lenders could require the Company to repay its outstanding debt. In that situation, the Company may not be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay the lenders.

(8) Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss (“AOCI”) are as follows:

	Cumulative Translation Adjustment[(1)]	Cash Flow Hedges	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Loss
Balance at December 28, 2019	$ (157,138)	$ 4,786	$ (629,360)	$ 164,064	$ (617,648)
Amounts reclassified from accumulated other comprehensive loss	—	(8,174)	10,289	(416)	1,699
Current-period other comprehensive income (loss) activity	(22,121)	13,029	(69)	(5,899)	(15,060)
Total other comprehensive income (loss)	(22,121)	4,855	10,220	(6,315)	(13,361)
Balance at June 27, 2020	$ (179,259)	$ 9,641	$ (619,140)	$ 157,749	$ (631,009)

(1) Cumulative Translation Adjustment includes translation adjustments and net investment hedges. See Note, “Financial Instruments and Risk Management” for additional disclosures about net investment hedges.

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Notes to Condensed Consolidated Financial Statements — (Continued)
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The Company had the following reclassifications out of AOCI:

		Amount of Reclassification from AOCI			
		Quarters Ended		Six Months Ended	
Component of AOCI	Location of Reclassification into Income	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Gain on foreign exchange contracts designated as cash flow hedges	Cost of sales	$ 3,157	$ 8,347	$ 8,174	$ 14,364
	Income tax	(802)	(1,887)	(2,074)	(3,408)
	Net of tax	2,355	6,460	6,100	10,956
Amortization of deferred actuarial loss and prior service cost	Other expenses	(5,423)	(4,964)	(10,289)	(9,566)
	Income tax	1,218	1,411	2,490	2,616
	Net of tax	(4,205)	(3,553)	(7,799)	(6,950)
Total reclassifications		$ (1,850)	$ 2,907	$ (1,699)	$ 4,006

(9) Financial Instruments and Risk Management

The Company uses forward foreign exchange contracts to manage its exposures to movements in foreign exchange rates. The Company also uses a combination of derivative instruments and long-term debt to manage its exposure to foreign currency risk associated with the Company's net investment in its European subsidiaries.

As of June 27, 2020, the notional U.S. dollar equivalent of the Company's derivative portfolio of forward foreign exchange contracts was $552,967, consisting of contracts hedging exposures primarily related to the Australian dollar, Euro, Canadian dollar and Mexican peso. As of June 27, 2020, the U.S. dollar equivalent carrying value of long-term debt designated as a partial European net investment hedge was $562,556. The notional U.S. dollar equivalent of the Company's cross-currency swap contracts, which are also designated as partial European net investment hedges, was $335,940 as of June 27, 2020.

Fair Values of Derivative Instruments

The fair values of derivative financial instruments related to forward foreign exchange contracts and cross-currency swap contracts recognized in the Condensed Consolidated Balance Sheets of the Company were as follows:

		Fair Value	
	Balance Sheet Location	June 27, 2020	December 28, 2019
Derivatives designated as hedging instruments:			
Forward foreign exchange contracts	Other current assets	$ 3,231	$ 2,716
Cross-currency swap contracts	Other current assets	901	926
Cross-currency swap contracts	Other noncurrent assets	17,509	2,975
Derivatives not designated as hedging instruments:			
Forward foreign exchange contracts	Other current assets	3,926	5,314
Total derivative assets		25,567	11,931
Derivatives designated as hedging instruments:			
Forward foreign exchange contracts	Accrued liabilities	(1,129)	(2,246)
Derivatives not designated as hedging instruments:			
Forward foreign exchange contracts	Accrued liabilities	(1,344)	(1,147)
Total derivative liabilities		(2,473)	(3,393)
Net derivative asset		$ 23,094	$ 8,538

(amounts in thousands, except per share data)

Cash Flow Hedges

The Company uses forward foreign exchange contracts to reduce the effect of fluctuating foreign currencies on short-term foreign currency-denominated transactions, foreign currency-denominated investments and other known foreign currency exposures. Gains and losses on these contracts are intended to offset losses and gains on the hedged transaction in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates.

The Company expects to reclassify into earnings during the next 12 months a net gain from AOCI of approximately $9,961. The Company is hedging exposure to the variability in future cash flows for forecasted transactions over the next 17 months.

The effect of cash flow hedge derivative instruments on the Condensed Consolidated Statements of Income and AOCI is as follows:

	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments			
	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Foreign exchange contracts	$ (7,051)	$ 1,274	$ 13,029	$ 1,714

	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income			
		Quarters Ended		Six Months Ended	
		June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Foreign exchange contracts(1)	Cost of sales	$ 3,157	$ 8,347	$ 8,174	$ 14,364

(1) The Company does not exclude amounts from effectiveness testing for cash flow hedges that would require recognition into earnings based on changes in fair value.

	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Total cost of sales in which the effects of cash flow hedges are recorded	$ 1,105,767	$ 1,085,404	$ 1,948,497	$ 2,053,397

Net Investment Hedges

In July 2019, the Company entered into two pay-fixed rate, receive-fixed rate cross-currency swap contracts with a total notional amount of €300,000 that were designated as hedges of a portion of the beginning balance of the Company's net investment in its European subsidiaries. These cross-currency swap contracts, which mature on May 15, 2024, swap U.S. dollar-denominated interest payments for Euro-denominated interest payments, thereby economically converting a portion of the Company's fixed-rate 4.625% Senior Notes to a fixed-rate 2.3215% Euro-denominated obligation.

In July 2019, the Company also designated its 3.5% Senior Notes with a carrying value of €500,000, which is a nonderivative financial instrument, as a hedge of a portion of the beginning balance of the Company's European net investment.

The amount of after-tax gains (losses) included in AOCI in the Condensed Consolidated Balance Sheets related to derivative instruments and nonderivative financial instruments designated as net investment hedges and the amount of gains included in the "Interest expense, net" line in the Condensed Consolidated Statements of Income related to amounts excluded from the assessment of hedge effectiveness for derivative instruments designated as net investment hedges are as follows:

	Amount of Gain (Loss) Recognized in AOCI			
	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Euro-denominated long-term debt	$ (4,196)	$ —	$ (1,538)	$ —
Cross-currency swap contracts	(1,004)	—	10,728	—
Total	$ (5,200)	$ —	$ 9,190	$ —

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Location of Gain Recognized in Income	Amount of Gain Recognized in Income (Amount Excluded from Effectiveness Testing)			
		Quarters Ended		Six Months Ended	
		June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Cross-currency swap contracts	Interest expense, net	$ 2,020	$ —	$ 3,967	$ —

	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Total interest expense, net in which the amounts excluded from effectiveness testing for net investment hedges are recorded	$ 41,659	$ 46,522	$ 78,508	$ 94,581

Mark to Market Hedges

A derivative used as a hedging instrument whose change in fair value is recognized to act as a hedge against changes in the values of the hedged item is designated as a mark to market hedge. The Company uses foreign exchange derivative contracts as hedges against the impact of foreign exchange fluctuations on existing accounts receivable and payable balances and intercompany lending transactions denominated in foreign currencies. Foreign exchange derivative contracts are recorded as mark to market hedges when the hedged item is a recorded asset or liability that is revalued in each accounting period. These contracts are not designated as hedges under the accounting standards and are recorded at fair value in the Condensed Consolidated Balance Sheets. Any gains or losses resulting from changes in fair value are recognized directly into earnings. Gains or losses on these contracts largely offset the net remeasurement gains or losses on the related assets and liabilities.

The effect of derivative contracts not designated as hedges on the Condensed Consolidated Statements of Income is as follows:

	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income			
		Quarters Ended		Six Months Ended	
		June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Foreign exchange contracts	Cost of sales	$ (19,104)	$ (9,361)	$ (12,983)	$ (18,758)
Foreign exchange contracts	Selling, general and administrative expenses	1,959	(262)	928	(921)
Total		$ (17,145)	$ (9,623)	$ (12,055)	$ (19,679)

(10) Fair Value of Assets and Liabilities

As of June 27, 2020, the Company held certain financial assets and liabilities that are required to be measured at fair value on a recurring basis. These consisted of the Company's derivative instruments related to forward foreign exchange derivative contracts, cross-currency swap derivative contracts and deferred compensation plan liabilities. The fair values of forward foreign exchange derivative contracts are determined using the cash flows of the forward contracts, discount rates to account for the passage of time and current foreign exchange market data which are all based on inputs readily available in public markets and are categorized as Level 2. The fair values of cross-currency swap derivative contracts are determined using the cash flows of the swap contracts, discount rates to account for the passage of time, current foreign exchange and interest rate market data and credit risk, which are all based on inputs readily available in public markets and are categorized as Level 2. The fair value of deferred compensation plans is based on readily available current market data and is categorized as Level 2. The Company's defined benefit pension plan investments are not required to be measured at fair value on a quarterly recurring basis.

There were no changes during the quarter and six months ended June 27, 2020 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis. As of and during the quarter and six months ended June 27, 2020, the Company did not have any non-financial assets or liabilities that were required to be measured at fair value on a recurring or non-recurring basis.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(amounts in thousands, except per share data)
(unaudited)

The following tables set forth by level within the fair value hierarchy the Company's financial assets and liabilities accounted for at fair value on a recurring basis.

	Assets (Liabilities) at Fair Value as of June 27, 2020			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Forward foreign exchange contracts - assets	$ 7,157	$ —	$ 7,157	$ —
Cross-currency swap contracts - assets	18,410	—	18,410	—
Forward foreign exchange contracts - liabilities	(2,473)	—	(2,473)	—
	23,094	—	23,094	—
Deferred compensation plan liability	(18,907)	—	(18,907)	—
Total	$ 4,187	$ —	$ 4,187	$ —

	Assets (Liabilities) at Fair Value as of December 28, 2019			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Forward foreign exchange contracts - assets	$ 8,030	$ —	$ 8,030	$ —
Cross-currency swap contracts - assets	3,901	—	3,901	—
Forward foreign exchange contracts - liabilities	(3,393)	—	(3,393)	—
	8,538	—	8,538	—
Deferred compensation plan liability	(31,221)	—	(31,221)	—
Total	$ (22,683)	$ —	$ (22,683)	$ —

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, trade accounts receivable, notes receivable and accounts payable approximated fair value as of June 27, 2020 and December 28, 2019. The carrying amount of trade accounts receivable included allowance for doubtful accounts, chargebacks and other deductions of $48,197 and $33,228 as of June 27, 2020 and December 28, 2019, respectively. The fair value of debt, which is classified as a Level 2 liability, was $4,175,552 and $3,560,623 as of June 27, 2020 and December 28, 2019, respectively. Debt had a carrying value of $4,134,413 and $3,394,761 as of June 27, 2020 and December 28, 2019, respectively. The fair values were estimated using quoted market prices as provided in secondary markets, which consider the Company's credit risk and market related conditions. The carrying amount of the Company's notes payable, which is classified as a Level 2 liability, approximated fair value as of June 27, 2020 and December 28, 2019, primarily due to the short-term nature of these instruments.

(11) Income Taxes

The Company's effective income tax rate was 17.3% and 14.5% for the quarters ended June 27, 2020 and June 29, 2019, respectively. The Company's effective income tax rate was 17.4% and 14.2% for the six months ended June 27, 2020 and June 29, 2019, respectively. The higher effective tax rate for the quarter and six months ended June 27, 2020 was primarily due to the change in jurisdictional mix of income attributable to the economic impacts of COVID-19.

During the six months ended June 27, 2020, the Internal Revenue Service closed the examination of the income tax years ended January 2, 2016 and December 31, 2016. The examination resulted in an immaterial adjustment which had been accrued as an uncertain tax benefit in a prior period. The Company remains subject to examinations in other jurisdictions and believes that it maintains appropriate uncertain tax benefit reserves, which are re-evaluated each quarter. Management believes it is reasonably possible that the amount of uncertain tax benefits may decrease by approximately $25,362 in the next 12 months based on approvals of certain filings by tax authorities with approximately $15,306 of the reduction impacting the effective tax rate.

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(amounts in thousands, except per share data)
(unaudited)

As a result of the COVID-19 pandemic, governments are offering various relief mechanisms to taxpayers to assist with the business disruption. The measures vary by jurisdiction, but often include the ability to delay certain income tax payments. The Company intends to use these provisions where eligible. As of June 27, 2020, the Company does not expect the COVID-19 relief measures to have a material impact on its financial results, including on its annual estimated effective tax rate or on liquidity.

(12) Business Segment Information

The Company's operations are managed and reported in three operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Activewear and International. These segments are organized principally by product category and geographic location. Each segment has its own management team that is responsible for the operations of the segment's businesses, but the segments share a common supply chain and media and marketing platforms. Other consists of the Company's U.S.-based outlet stores and U.S. hosiery business.

The types of products and services from which each reportable segment derives its revenues are as follows:

- Innerwear includes sales of basic branded apparel products that are replenishment in nature under the product categories of men's underwear, women's panties, children's underwear and socks, and intimate apparel, which includes bras and shapewear. Beginning in 2020, Innerwear also includes sales of PPE including products such as cloth face coverings and gowns.
- Activewear includes sales of basic branded products that are primarily seasonal in nature to both retailers and wholesalers, as well as licensed sports apparel and licensed logo apparel in collegiate bookstores, mass retailers and other channels.
- International includes sales of products in all of the Company's categories, including PPE in 2020, outside the United States, primarily in Europe, Australia, Asia, Latin America and Canada.

The Company evaluates the operating performance of its segments based upon segment operating profit, which is defined as operating profit before general corporate expenses, restructuring and other action-related charges and amortization of intangibles. The accounting policies of the segments are consistent with those described in Note, "Summary of Significant Accounting Policies" to the Company's consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 28, 2019.

	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Net sales:				
Innerwear	$ 1,094,814	$ 678,604	$ 1,517,216	$ 1,154,549
Activewear	168,379	448,277	456,379	853,617
International	456,875	568,863	1,012,776	1,215,043
Other	18,711	65,183	68,870	125,742
Total net sales	$ 1,738,779	$ 1,760,927	$ 3,055,241	$ 3,348,951

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(amounts in thousands, except per share data)
(unaudited)

	Quarters Ended		Six Months Ended	
	June 27, 2020	June 29, 2019	June 27, 2020	June 29, 2019
Segment operating profit:				
Innerwear	$ 304,524	$ 149,530	$ 386,075	$ 254,156
Activewear	(5,751)	68,779	2,357	112,372
International	79,124	81,078	131,142	180,851
Other	(12,270)	6,032	(18,395)	6,786
Total segment operating profit	365,627	305,419	501,179	554,165
Items not included in segment operating profit:				
General corporate expenses	(52,079)	(54,990)	(115,712)	(123,339)
Restructuring and other action-related charges	(63,296)	(12,609)	(92,495)	(33,982)
Amortization of intangibles	(8,716)	(8,220)	(17,306)	(17,600)
Total operating profit	241,536	229,600	275,666	379,244
Other expenses	(5,050)	(8,249)	(11,540)	(15,700)
Interest expense, net	(41,659)	(46,522)	(78,508)	(94,581)
Income before income tax expense	$ 194,827	$ 174,829	$ 185,618	$ 268,963

For the quarter ended June 27, 2020, the Company incurred pre-tax restructuring and other action-related charges of $63,296, of which $26,534 is reported in the “Cost of sales” line and $36,762 is reported in the “Selling, general and administrative expenses” line in the Condensed Consolidated Statement of Income. For the quarter ended June 29, 2019, the Company incurred pre-tax restructuring and other action-related charges of $12,609, of which $12,598 is reported in the “Cost of sales” line and $11 is reported in the “Selling, general and administrative expenses” line in the Condensed Consolidated Statement of Income.

For the six months ended June 27, 2020, the Company incurred pre-tax acquisition, integration and other action-related charges of $92,495, of which $48,347 is reported in the “Cost of sales” line and $44,148 is reported in the “Selling, general and administrative expenses” line in the Condensed Consolidated Statement of Income. For the six months ended June 29, 2019, the Company incurred pre-tax acquisition-related, integration and other action-related charges of $33,982, of which $30,290 is reported in the “Cost of sales” line and $3,692 is reported in the “Selling, general and administrative expenses” line in the Condensed Consolidated Statement of Income.

As of December 28, 2019, the Company had an accrual of $7,120 for expected benefit payments related to actions taken in prior years. During the six months ended June 27, 2020, the Company approved actions related to workforce reductions and incurred charges of $8,538 for employee termination and other benefits for employees affected by separation programs with $2,500 and $6,038 of charges reflected in the “Cost of sales” and “Selling, general and administrative expenses” lines, respectively, in the Consolidated Statement of Income. During the six months ended June 27, 2020, benefit payments, other accrual adjustments and foreign currency adjustments of $5,687 have been made, resulting in an ending accrual of $9,971, of which $8,911 and $1,060 is included in the “Accrued liabilities” and “Other noncurrent liabilities” lines of the Condensed Consolidated Balance Sheet, respectively.

(amounts in thousands, except per share data)

(13) Revisions of Previously Issued Condensed Consolidated Interim Financial Statements

As described in Note, "Basis of Presentation," the following tables set forth the impact of error corrections on the Company’s condensed consolidated interim financial statements as of and for the periods ended June 29, 2019 and September 28, 2019 by financial statement line item.

	Quarter Ended June 29, 2019		
Condensed Consolidated Statement of Income Line Item	**As Previously Reported**	**Adjustments**	**As Revised**
Cost of sales	$ 1,086,248	$ (844)	$ 1,085,404
Gross profit	674,679	844	675,523
Selling, general and administrative expenses	440,662	5,261	445,923
Operating profit	234,017	(4,417)	229,600
Income before income tax expense	179,246	(4,417)	174,829
Net income	153,972	(4,417)	149,555
Earnings per share:			
Basic	$ 0.42	$ (0.01)	$ 0.41
Diluted	$ 0.42	$ (0.01)	$ 0.41

	Six Months Ended June 29, 2019		
Condensed Consolidated Statement of Income Line Item	**As Previously Reported**	**Adjustments**	**As Revised**
Cost of sales	$ 2,053,396	$ 1	$ 2,053,397
Gross profit	1,295,555	(1)	1,295,554
Selling, general and administrative expenses	913,500	2,810	916,310
Operating profit	382,055	(2,811)	379,244
Income before income tax expense	271,774	(2,811)	268,963
Net income	233,454	(2,811)	230,643
Earnings per share:			
Basic	$ 0.64	$ (0.01)	$ 0.63
Diluted	$ 0.64	$ (0.01)	$ 0.63

	Quarter Ended June 29, 2019		
Condensed Consolidated Statement of Comprehensive Income Line Item	**As Previously Reported**	**Adjustments**	**As Revised**
Net income	$ 153,972	$ (4,417)	$ 149,555
Comprehensive income	149,165	(4,417)	144,748

	Six Months Ended June 29, 2019		
Condensed Consolidated Statement of Comprehensive Income Line Item	**As Previously Reported**	**Adjustments**	**As Revised**
Net income	$ 233,454	$ (2,811)	$ 230,643
Translation adjustments	11,259	(7,075)	4,184
Total other comprehensive income	9,132	(7,075)	2,057
Comprehensive income	242,586	(9,886)	232,700

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(amounts in thousands, except per share data)
(unaudited)

Condensed Consolidated Balance Sheet Line Item	June 29, 2019		
	As Previously Reported	Adjustments	As Revised
Inventories	$ 2,233,760	$ (10,561)	$ 2,223,199
Other current assets	152,925	23,371	176,296
Total current assets	3,656,442	12,810	3,669,252
Deferred tax assets	264,592	(43,665)	220,927
Total assets	7,876,892	(30,855)	7,846,037
Accrued liabilities	547,306	13,866	561,172
Total current liabilities	2,069,817	13,866	2,083,683
Other noncurrent liabilities	277,742	64,743	342,485
Total liabilities	6,742,042	78,609	6,820,651
Retained earnings	1,395,306	(109,464)	1,285,842
Total stockholders' equity	1,134,850	(109,464)	1,025,386
Total liabilities and stockholders' equity	7,876,892	(30,855)	7,846,037

Condensed Consolidated Statement of Stockholders' Equity Line Item	Quarter Ended June 29, 2019		
	As Previously Reported	Adjustments	As Revised
Balance at March 30, 2019	$ 1,038,038	$ (105,047)	$ 932,991
Net income	153,972	(4,417)	149,555
Balance at June 29, 2019	1,134,850	(109,464)	1,025,386

Condensed Consolidated Statement of Stockholders' Equity Line Item	Six Months Ended June 29, 2019		
	As Previously Reported	Adjustments	As Revised
Balance at December 29, 2018	$ 970,283	$ (98,157)	$ 872,126
Net income	233,454	(2,811)	230,643
Other comprehensive income	9,132	(7,075)	2,057
Cumulative effect of change in adoption of leases standard	7,977	(1,421)	6,556
Balance at June 29, 2019	1,134,850	(109,464)	1,025,386

Condensed Consolidated Statement of Cash Flows Line Item	Six Months Ended June 29, 2019		
	As Previously Reported	Adjustments	As Revised
Operating activities:			
Net income	$ 233,454	$ (2,811)	$ 230,643
Adjustments to reconcile net income to net cash from operating activities:			
Other	12,550	(7,075)	5,475
Changes in assets and liabilities:			
Inventories	(178,453)	12,941	(165,512)
Other assets	(27,354)	(1,225)	(28,579)
Accrued liabilities and other	(23,405)	(1,830)	(25,235)
Net cash from operating activities	(57,363)	—	(57,363)

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(amounts in thousands, except per share data)
(unaudited)

	Quarter Ended September 28, 2019		
Condensed Consolidated Statement of Income Line Item	As Previously Reported	Adjustments	As Revised
Cost of sales	$ 1,154,629	$ (4,695)	$ 1,149,934
Gross profit	712,338	4,695	717,033
Selling, general and administrative expenses	442,582	7,380	449,962
Operating profit	269,756	(2,685)	267,071
Income before income tax expense	218,599	(2,685)	215,914
Net income	187,776	(2,685)	185,091
Earnings per share:			
Basic	$ 0.51	$ (0.01)	$ 0.51
Diluted	$ 0.51	$ (0.01)	$ 0.51

	Nine Months Ended September 28, 2019		
Condensed Consolidated Statement of Income Line Item	As Previously Reported	Adjustments	As Revised
Cost of sales	$ 3,208,025	$ (4,694)	$ 3,203,331
Gross profit	2,007,893	4,694	2,012,587
Selling, general and administrative expenses	1,356,082	10,190	1,366,272
Operating profit	651,811	(5,496)	646,315
Income before income tax expense	490,373	(5,496)	484,877
Net income	421,230	(5,496)	415,734
Earnings per share:			
Basic	$ 1.16	$ (0.02)	$ 1.14
Diluted	$ 1.15	$ (0.02)	$ 1.14

	Quarter Ended September 28, 2019		
Condensed Consolidated Statement of Comprehensive Income Line Item	As Previously Reported	Adjustments	As Revised
Net income	$ 187,776	$ (2,685)	$ 185,091
Comprehensive income	148,443	(2,685)	145,758

	Nine Months Ended September 28, 2019		
Condensed Consolidated Statement of Comprehensive Income Line Item	As Previously Reported	Adjustments	As Revised
Net income	$ 421,230	$ (5,496)	$ 415,734
Translation adjustments	(33,738)	(7,075)	(40,813)
Total other comprehensive loss	(30,201)	(7,075)	(37,276)
Comprehensive income	391,029	(12,571)	378,458

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
(amounts in thousands, except per share data)
(unaudited)

	September 28, 2019		
Condensed Consolidated Balance Sheet Line Item	**As Previously Reported**	**Adjustments**	**As Revised**
Inventories	$ 2,108,281	$ (13,246)	$ 2,095,035
Other current assets	166,727	7,445	174,172
Total current assets	3,625,970	(5,801)	3,620,169
Deferred tax assets	257,314	(43,665)	213,649
Total assets	7,773,298	(49,466)	7,723,832
Accrued liabilities	589,992	(2,060)	587,932
Total current liabilities	2,096,904	(2,060)	2,094,844
Other noncurrent liabilities	265,804	64,743	330,547
Total liabilities	6,543,056	62,683	6,605,739
Retained earnings	1,528,258	(112,149)	1,416,109
Total stockholders' equity	1,230,242	(112,149)	1,118,093
Total liabilities and stockholders' equity	7,773,298	(49,466)	7,723,832

	Quarter Ended September 28, 2019		
Condensed Consolidated Statement of Stockholders' Equity Line Item	**As Previously Reported**	**Adjustments**	**As Revised**
Balance at June 29, 2019	$ 1,134,850	$ (109,464)	$ 1,025,386
Net income	187,776	(2,685)	185,091
Balance at September 28, 2019	1,230,242	(112,149)	1,118,093

	Nine Months Ended September 28, 2019		
Condensed Consolidated Statement of Stockholders' Equity Line Item	**As Previously Reported**	**Adjustments**	**As Revised**
Balance at December 29, 2018	$ 970,283	$ (98,157)	$ 872,126
Net income	421,230	(5,496)	415,734
Other comprehensive income	(30,201)	(7,075)	(37,276)
Cumulative effect of change in adoption of leases standard	7,977	(1,421)	6,556
Balance at September 28, 2019	1,230,242	(112,149)	1,118,093

	Nine Months Ended September 28, 2019		
Condensed Consolidated Statement of Cash Flows Line Item	**As Previously Reported**	**Adjustments**	**As Revised**
Operating activities:			
Net income	$ 421,230	$ (5,496)	$ 415,734
Adjustments to reconcile net income to net cash from operating activities:			
Other	8,737	(7,075)	1,662
Changes in assets and liabilities, net of acquisition of businesses:			
Inventories	(72,096)	15,626	(56,470)
Other assets	(40,732)	14,701	(26,031)
Accrued liabilities and other	14,243	(17,756)	(3,513)
Net cash from operating activities	244,700	—	244,700

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This management’s discussion and analysis of financial condition and results of operations, or MD&A, contains forward-looking statements that involve risks and uncertainties. Please see “Forward-Looking Statements” in this Quarterly Report on Form 10-Q for a discussion of the uncertainties, risks and assumptions associated with these statements. This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q. The unaudited condensed interim consolidated financial statements and notes included herein should be read in conjunction with our audited consolidated financial statements and notes for the year ended December 28, 2019, which were included in our Annual Report on Form 10-K filed with the SEC. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those included elsewhere in this Quarterly Report on Form 10-Q and those included in the “Risk Factors” section and elsewhere in our Annual Report on Form 10-K for the year ended December 28, 2019 and in our Quarterly Report on Form 10-Q for the quarter ended March 28, 2020. In particular, statements with respect to trends associated with our business, our future financial performance and the potential effects of the global COVID-19 pandemic included in this Quarterly Report on Form 10-Q specifically appearing under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” include forward-looking statements. The unaudited condensed consolidated interim financial statements for the quarter and six months ended June 29, 2019 have been revised to correct prior period errors as discussed in Note, “Basis of Presentation” and Note, “Revisions of Previously Issued Condensed Consolidated Interim Financial Statements” to our unaudited condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q. Accordingly, this MD&A reflects the impact of those revisions.

Overview

Hanesbrands Inc. (collectively with its subsidiaries, “we,” “us,” “our,” or the “Company”) is a socially responsible leading marketer of everyday basic innerwear and activewear apparel in the Americas, Europe, Australia and Asia/Pacific under some of the world’s strongest apparel brands, including *Hanes, Champion, Bonds, DIM, Maidenform, Bali, Playtex, Lovable, Bras N Things, Nur Die/Nur Der, Alternative, L’eggs, JMS/Just My Size, Wonderbra, Berlei* and *Gear for Sports.* We design, manufacture, source and sell a broad range of basic apparel such as T-shirts, bras, panties, shapewear, underwear, socks, hosiery and activewear, produced in our low-cost global supply chain. Our brands hold either the number one or number two market position by units sold in many of the product categories and geographies in which we compete.

Our operations are managed and reported in three operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Activewear and International. These segments are organized principally by product category and geographic location. Each segment has its own management team that is responsible for the operations of the segment’s businesses, but the segments share a common supply chain and media and marketing platforms. Other consists of our U.S.-based outlet stores and U.S. hosiery business.

Impact of COVID-19 on Our Business

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic and these containment and mitigation measures have led to adverse impacts on the U.S. and global economies. The COVID-19 pandemic has impacted our business operations and results of operations for the second quarter and six months of 2020 as described in more detail under “Condensed Consolidated Results of Operations - Second Quarter Ended June 27, 2020 Compared with Second Quarter Ended June 29, 2019” and “Condensed Consolidated Results of Operations - Six Months Ended June 27, 2020 Compared with Six Months Ended June 29, 2019” below, due to decreased customer traffic and temporary retail store closures worldwide. The evolving COVID-19 pandemic could continue to have an adverse impact on our results of operations and liquidity; the operations of our suppliers, vendors and customers; and on our employees as a result of quarantines, facility closures, and travel and other restrictions. While the ultimate global and economic impact of the COVID-19 pandemic remains highly uncertain, we expect that our business operations and results of operations, including our net sales, earnings and cash flows, will be materially impacted for at least the balance of 2020, as a result of:

- decreased customer traffic in our retail stores and retail stores in which our products are sold;
- changes in consumer confidence and consumer spending habits, including spending for the merchandise that we sell and negative trends in consumer purchasing patterns due to changes in consumers’ disposable income, credit availability and debt levels;
- decreased discretionary consumer-directed channel spending independent of store closures;

- decreased wholesale channel sales and increased likelihood of wholesale customer financial distress, including requests for extended payment terms or potential payment defaults;
- disruption to our global supply chain including the manufacturing, supply, distribution, transportation and delivery of our products;
- decreased productivity due to travel bans, work-from-home policies or shelter-in-place orders; and
- a slowdown in the U.S. and global economies, and an uncertain global economic outlook or a potential credit crisis.

The extent to which the COVID-19 pandemic impacts our business operations, financial results, and liquidity will depend on numerous evolving factors that we may not be able to accurately predict or assess, including the duration and scope of the pandemic; our response to and ability to respond to and adjust our business strategies to mitigate the impact of the pandemic; the negative impact it has on global and regional economies and economic activity, including the duration and magnitude of its impact on unemployment rates and consumer discretionary spending; its short- and longer-term impact on the levels of consumer confidence; the ability of our suppliers, vendors and customers to successfully address the impacts of the pandemic; actions governments, businesses and individuals take in response to the pandemic; and how quickly economies recover after the COVID-19 pandemic subsides.

We expect the negative impact of the COVID-19 pandemic to lead to continued net sales decreases due to decreased traffic at our retail stores and reduced net sales and earnings for our wholesale customers, some of which have experienced or may experience financial distress or declare bankruptcy. Reduced retail sales or additional customer store closures and customer bankruptcies could reduce or eliminate our anticipated income and cash flows, which would negatively affect our results of operations and liquidity. Even if customers do not declare bankruptcy, some have extended payment terms and more may seek to extend payment terms or be unable or unwilling to pay us amounts that we are entitled to on a timely basis or at all, which would adversely affect our earnings and liquidity. In the quarter ended June 27, 2020, we recorded $11 million of bad debt charges primarily related to the effects of the COVID-19 pandemic.

In the quarter ended June 27, 2020, we recorded $20 million of charges to reserve for increased excess and obsolete inventory related primarily to canceled orders of seasonal inventory and $20 million of charges for the impairment of intangible assets primarily as a result of the COVID-19 pandemic. We could be required to record increased excess and obsolete inventory reserves due to continued decreased net sales or additional noncash impairment charges related to our intangible assets or goodwill due to reductions in cash flows that are more than short-term in nature. Additionally, the operations of our retail stores and our manufacturing facilities may not generate sales sufficient to offset fixed operating expenses, which could adversely affect our income and could adversely affect the value of our owned and leased properties, potentially requiring us to recognize significant noncash impairment charges.

We have been taking steps to mitigate the potential risks to us posed by the spread and related circumstances and impacts of COVID-19. We are focused on addressing these recent challenges by preserving our liquidity and managing our cash flow with preemptive actions designed to enhance our ability to meet our short-term liquidity needs. Such actions include, but are not limited to, focusing on channels that continue to generate sales, including mass retail and online; selling personal protective equipment (“PPE”) such as cloth face coverings and gowns; operating our manufacturing and distribution facilities on a demand-adjusted basis; reducing our discretionary spending such as certain media and marketing expenses; focused working capital management; reducing capital expenditures; suspending our share repurchase program until further notice; reducing payroll costs, through temporary employee furloughs and pay cuts; working globally to maximize our participation in all eligible government or other initiatives available to businesses or employees impacted by the COVID-19 pandemic; engaging with landlords to negotiate rent deferrals or other rent concessions; issuing new debt and amending certain existing debt facilities. These efforts may not be enough to offset anticipated declines in net sales and earnings and we may not be able to access sufficient additional working capital to meet our liquidity needs.

Outlook for 2020

We issued first-quarter and full-year 2020 guidance on February 7, 2020, which excluded any impact from the spread of the COVID-19 pandemic. Due to the uncertainty and rapidly changing environment relating to the pandemic, on March 25, 2020, we withdrew the guidance for the first quarter and full year. We will not provide a quarterly and full-year updated outlook until visibility of the pandemic’s effect on global economies improves. However, we have provided that we expect more than $150 million of PPE sales, to generate positive cash flow from operating activities and a tax rate of approximately 17.5% in the second half of 2020.

Seasonality and Other Factors

Absent the effects of the COVID-19 pandemic, our operating results are typically subject to some variability due to seasonality and other factors. For instance, we have historically generated higher sales during the back-to-school and holiday shopping seasons and during periods of cooler weather, which benefits certain product categories such as fleece. Sales levels in any period are also impacted by customer decisions to increase or decrease their inventory levels in response to anticipated consumer demand. Our customers may cancel orders, change delivery schedules or change the mix of products ordered with minimal notice to us. Media, advertising and promotion expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions. We expect the duration and scope of the COVID-19 pandemic to alter these patterns at least through the remainder of 2020.

Although the majority of our products are replenishment in nature and tend to be purchased by consumers on a planned, rather than on an impulse, basis, our sales are impacted by discretionary consumer spending trends. Discretionary spending is affected by many factors that are outside our control, including, among others, general business conditions, interest rates, inflation, consumer debt levels, the availability of consumer credit, currency exchange rates, taxation, energy prices, unemployment trends and other matters that influence consumer confidence and spending. Consumers' purchases of discretionary items, including our products, could decline during periods when disposable income is lower, when prices increase in response to rising costs, or in periods of actual or perceived unfavorable economic conditions. In addition, the COVID-19 pandemic may continue to result in decreased consumer confidence and lower consumer spending. As a result, consumers may choose to purchase fewer of our products, to purchase lower-priced products of our competitors in response to higher prices for our products, or may choose not to purchase our products at prices that reflect our price increases that become effective from time to time.

Changes in product sales mix can impact our gross profit as the percentage of our sales attributable to higher margin products, such as intimate apparel and men's underwear, and lower margin products, such as seasonal and replenishable activewear, fluctuate from time to time. In addition, sales attributable to higher and lower margin products within the same product category fluctuate from time to time. Our customers may change the mix of products ordered with minimal notice to us, which makes trends in product sales mix difficult to predict. However, certain changes in product sales mix are seasonal in nature, as sales of socks, hosiery and fleece products generally have higher sales during the last two quarters (July to December) of each fiscal year as a result of cooler weather, back-to-school shopping and holidays, while other changes in product mix may be attributable to consumers' preferences and discretionary spending.

Overview of the Second Quarter Ended June 27, 2020

The COVID-19 pandemic adversely impacted our business operations and results of operations for the second quarter of 2020. As the COVID-19 virus continued to spread around the world in the second quarter of 2020, net sales and profits across our apparel businesses decreased dramatically. During the second quarter of 2020, we sold PPE globally to governments, large organizations, business-to-business customers and consumers including more than 450 million cloth face coverings and more than 20 million medical gowns for use during the COVID-19 pandemic to the U.S. government.

Key financial results are as follows:

- Total net sales in the second quarter of 2020 were $1.7 billion, compared with $1.8 billion in the same period of 2019, representing a 1% decrease.
- Operating profit increased 5% to $242 million in the second quarter of 2020, compared with $230 million in the same period of 2019. As a percentage of sales, operating profit was 13.9% in the second quarter of 2020 compared to 13.0% in the same period of 2019. Included within operating profit were restructuring and other action-related charges of $63 million and $13 million for the quarters ended June 27, 2020 and June 29, 2019, respectively.
- Sales of PPE used to help mitigate the spread of the COVID-19 virus were $752 million in the second quarter of 2020.
- In April 2020, given the rapidly changing environment and level of uncertainty being created by the COVID-19 pandemic and the associated impact on future earnings, we amended our Senior Secured Credit Facility prior to any potential covenant violation in order to modify the financial covenants and to provide operating flexibility during the COVID-19 crisis.
- In May 2020, we issued $700 million aggregate principal amount of 5.375% Senior Notes which mature in May 2025. The net proceeds from the issuance of $691 million were used to repay all outstanding borrowings under our Revolving Loan Facility, pay related fees and expenses, and for general corporate purposes.

Condensed Consolidated Results of Operations — Second Quarter Ended June 27, 2020 Compared with Second Quarter Ended June 29, 2019

	Quarters Ended			
	June 27, 2020	June 29, 2019	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,738,779	$ 1,760,927	$ (22,148)	(1.3)%
Cost of sales	1,105,767	1,085,404	20,363	1.9
Gross profit	633,012	675,523	(42,511)	(6.3)
Selling, general and administrative expenses	391,476	445,923	(54,447)	(12.2)
Operating profit	241,536	229,600	11,936	5.2
Other expenses	5,050	8,249	(3,199)	(38.8)
Interest expense, net	41,659	46,522	(4,863)	(10.5)
Income before income tax expense	194,827	174,829	19,998	11.4
Income tax expense	33,646	25,274	8,372	33.1
Net income	$ 161,181	$ 149,555	$ 11,626	7.8 %

Net Sales

Shipments slowed through most of the second quarter as we and many of our retail customers temporarily closed stores and customer orders were canceled in response to the global expansion of COVID-19, and net sales and profit trends across our apparel businesses decreased dramatically. Our e-commerce sites have remained open in all regions. Most of our retail stores were reopened by the end of the second quarter but have and are expected to continue to experience significant reductions in traffic and therefore, revenue. During the second quarter of 2020, we sold PPE globally to governments, large organizations, business-to-business customers and consumers including more than 450 million cloth face coverings and more than 20 million medical gowns for use during the COVID-19 pandemic to the U.S. government.

Net sales decreased 1% during the second quarter of 2020 primarily due to the following:

- The disruption of our U.S. and International apparel businesses related to the negative effects of the COVID-19 pandemic;
- The exit of our *C9 Champion* program at Target and the DKNY Intimates license in 2019 which, together, represented approximately $119 million of net sales in the second quarter of 2019; and
- The unfavorable impact from foreign exchange rates in our International business of approximately $14 million.

Partially offset by:

- Net sales of PPE of $752 million in the second quarter of 2020.

Operating Profit

Operating profit as a percentage of net sales was 13.9%, representing an increase from 13.0% in the prior year. Increased operating profit was the result of lower selling, general and administrative expenses driven by temporary cost savings initiatives implemented in response to the COVID-19 pandemic. Included in operating profit in the second quarter of 2020 and 2019 were restructuring and other action-related charges of $63 million and $13 million, respectively, including asset write-down charges recorded as a result of the on-going effects of the COVID-19 pandemic in 2020.

Other Highlights

Other Expenses – Other expenses decreased $3 million in the second quarter of 2020 compared to the second quarter of 2019 due to lower pension expense and lower funding fees for sales of accounts receivable to financial institutions in 2020.

Interest Expense – Interest expense was lower by $5 million in the second quarter of 2020 compared to the second quarter of 2019 driven by the impact of the cross-currency swap contracts entered into in July 2019 and a lower weighted average interest rate on our borrowings, partially offset by higher outstanding debt balances during the quarter. Our weighted average interest rate on our outstanding debt was 3.32% for the second quarter of 2020, compared to 4.13% for the second quarter of 2019.

Income Tax Expense – Our effective income tax rate was 17.3% and 14.5% for the second quarters of 2020 and 2019, respectively. The higher effective tax rate for the quarter ended June 27, 2020 was primarily due to the change in jurisdictional mix of income attributable to the economic impacts of COVID-19.

Operating Results by Business Segment — Second Quarter Ended June 27, 2020 Compared with Second Quarter Ended June 29, 2019

	Net Sales			
	Quarters Ended			
	June 27, 2020	June 29, 2019	Higher (Lower)	Percent Change
	(dollars in thousands)			
Innerwear	$ 1,094,814	$ 678,604	$ 416,210	61.3 %
Activewear	168,379	448,277	(279,898)	(62.4)
International	456,875	568,863	(111,988)	(19.7)
Other	18,711	65,183	(46,472)	(71.3)
Total	$ 1,738,779	$ 1,760,927	$ (22,148)	(1.3)%

	Operating Profit and Margin					
	Quarters Ended					
	June 27, 2020		June 29, 2019		Higher (Lower)	Percent Change
	(dollars in thousands)					
Innerwear	$ 304,524	*27.8 %*	$ 149,530	*22.0%*	$ 154,994	103.7 %
Activewear	(5,751)	*(3.4)*	68,779	*15.3*	(74,530)	(108.4)
International	79,124	*17.3*	81,078	*14.3*	(1,954)	(2.4)
Other	(12,270)	*(65.6)*	6,032	*9.3*	(18,302)	(303.4)
Corporate	(124,091)	*NM*	(75,819)	*NM*	(48,272)	(63.7)
Total	$ 241,536	*13.9 %*	$ 229,600	*13.0%*	$ 11,936	5.2 %

Innerwear

Innerwear net sales increased 61% compared to the second quarter of 2019 driven by $614 million of net sales of PPE. This increase was partially offset by a 55% and 21% decline in net sales in our intimate apparel and basics businesses, respectively, primarily as a result of the negative impact of the COVID-19 pandemic. In addition, the exit of the *C9 Champion* program at Target and the DKNY Intimates license in 2019 represented an approximately $21 million decrease in net sales in the second quarter of 2020 compared to the second quarter of 2019.

Innerwear operating margin was 27.8%, an increase from 22.0% in the same period a year ago. Operating margin enhancement resulted primarily from fixed cost leverage from higher sales and temporary cost reduction initiatives.

Activewear

Activewear net sales decreased 62% compared to the second quarter last year primarily as a result of the negative impact of the COVID-19 pandemic. In addition, the exit of the *C9 Champion* program at Target in 2019 represented approximately $98 million of the net sales decrease in the second quarter of 2020 compared to the second quarter of 2019.

Activewear operating margin decreased as a result of lower sales, including the exit of the *C9 Champion* program at Target, minimum royalty payments in our sports license business and higher selling, general and administrative expenses as a percentage of net sales. Lower variable costs as a result of decreased net sales and temporary cost savings initiatives implemented in response to the COVID-19 pandemic reduced selling, general and administrative costs, but not at the same rate as the decline in sales.

International

Net sales in the International segment decreased 20% as a result of the negative impact of the COVID-19 pandemic and the unfavorable impact of foreign currency exchange rates of approximately $14 million. International net sales on a constant currency basis, defined as net sales excluding the impact of foreign currency, decreased 17%. The impact of foreign exchange rates is calculated by applying prior period exchange rates to the current year financial results. Sales of PPE increased International segment net sales by $139 million in the second quarter of 2020.

International operating margin was 17.3%, an increase from 14.3% in the same period a year ago, resulting from various temporary cost savings initiatives.

Other

Other net sales decreased as a result of decreased traffic at our retail outlets due to temporary store closures during the second quarter of 2020 as a result of the COVID-19 pandemic and continued declines in hosiery sales in the United States. Operating margin decreased due to the decrease in sales volume at our retail outlets.

Corporate

Corporate expenses included certain administrative costs including restructuring and other action-related charges. Corporate expenses were higher in the second quarter of 2020 compared to the second quarter of 2019 due to higher restructuring and other action-related charges. Included in restructuring and other action-related charges in the second quarter of 2020 were $52 million of asset write-down charges recorded as a result of the on-going effects of the COVID-19 pandemic. Supply chain actions include actions to reduce overhead costs. Program exit charges are costs associated with exiting the *C9 Champion* business with Target and the DKNY Intimates license. Other restructuring costs include action-related costs such as workforce reductions, as well as acquisition and integration charges for smaller acquisitions in 2019.

	Quarters Ended	
	June 27, 2020	June 29, 2019
	(dollars in thousands)	
Restructuring and other action-related charges included in operating profit:		
Supply chain actions - 2019	$ 1,896	$ 12,598
Supply chain actions - 2020	3,241	—
Program exit costs	1,285	—
Other restructuring costs	4,695	11
COVID-19 related charges:		
Bad debt	11,375	—
Inventory	20,485	—
Intangible assets	20,319	—
Total restructuring and other action-related charges included in operating profit	$ 63,296	$ 12,609

Condensed Consolidated Results of Operations — Six Months Ended June 27, 2020 Compared with Six Months Ended June 29, 2019

	Six Months Ended			
	June 27, 2020	June 29, 2019	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 3,055,241	$ 3,348,951	$ (293,710)	(8.8)%
Cost of sales	1,948,497	2,053,397	(104,900)	(5.1)
Gross profit	1,106,744	1,295,554	(188,810)	(14.6)
Selling, general and administrative expenses	831,078	916,310	(85,232)	(9.3)
Operating profit	275,666	379,244	(103,578)	(27.3)
Other expenses	11,540	15,700	(4,160)	(26.5)
Interest expense, net	78,508	94,581	(16,073)	(17.0)
Income before income tax expense	185,618	268,963	(83,345)	(31.0)
Income tax expense	32,311	38,320	(6,009)	(15.7)
Net income	$ 153,307	$ 230,643	$ (77,336)	(33.5)%

Net Sales

Net sales decreased 9% during the six months of 2020 primarily due to the following:

- The disruption of our U.S. and International apparel businesses related to the negative effects of the COVID-19 pandemic, including temporary closures of retail stores owned and operated by us, as well as canceled orders from our wholesale brick- and-mortar customers;
- The exit of our *C9 Champion* program at Target and the DKNY Intimates license in 2019 which, together, represented approximately $213 million of net sales in the six months of 2019; and
- The unfavorable impact from foreign exchange rates in our International business of approximately $34 million.

Partially offset by:

- Net sales of PPE of $752 million in the six months of 2020.

Operating Profit

Operating profit as a percentage of net sales was 9.0%, representing a decrease from 11.3% in the prior year. Decreased operating profit was the result of lower sales volume in our apparel businesses including the exit of our *C9 Champion* program at Target in 2019, higher manufacturing variances as a result of decreases in manufacturing facility production levels in our global supply chain due to the business disruption caused by the COVID-19 pandemic and higher bad debt expense. These decreases were partially offset by temporary cost savings initiatives implemented in response to the COVID-19 pandemic. Included in operating profit in the six months of 2020 and 2019 were restructuring and other action-related charges of $92 million and $34 million, respectively, including asset write-down charges recorded as a result of the on-going effects of the COVID-19 pandemic in 2020.

Other Highlights

Other Expenses – Other expenses decreased $4 million in the six months of 2020 compared to the same period in 2019 due to lower pension expense and lower funding fees for sales of accounts receivable to financial institutions in 2020.

Interest Expense – Interest expense was lower by $16 million in the six months of 2020 compared to the same period in 2019, primarily driven by the impact of the cross-currency swap contracts entered into in July 2019 and a lower weighted average interest rate on our borrowings. Our weighted average interest rate on our outstanding debt was 3.55% for the six months of 2020, compared to 4.15% for the six months of 2019.

Income Tax Expense – Our effective income tax rate was 17.4% and 14.2% for the six months of 2020 and 2019, respectively. The higher effective tax rate for the six months ended June 27, 2020 was primarily due to the change in jurisdictional mix of income attributable to the economic impacts of COVID-19. During the six months ended June 27, 2020, the Internal Revenue Service closed the examination of the income tax years ended January 2, 2016 and December 31, 2016. The examination resulted in an immaterial adjustment which had been accrued as an uncertain tax benefit in a prior period.

Operating Results by Business Segment — Six Months Ended June 27, 2020 Compared with Six Months Ended June 29, 2019

	Net Sales			
	Six Months Ended			
	June 27, 2020	June 29, 2019	Higher (Lower)	Percent Change
	(dollars in thousands)			
Innerwear	$ 1,517,216	$ 1,154,549	$ 362,667	31.4 %
Activewear	456,379	853,617	(397,238)	(46.5)
International	1,012,776	1,215,043	(202,267)	(16.6)
Other	68,870	125,742	(56,872)	(45.2)
Total	$ 3,055,241	$ 3,348,951	$ (293,710)	(8.8)%

	Operating Profit and Margin					
	Six Months Ended					
	June 27, 2020		June 29, 2019		Higher (Lower)	Percent Change
	(dollars in thousands)					
Innerwear	$ 386,075	*25.4 %*	$ 254,156	*22.0%*	$ 131,919	51.9 %
Activewear	2,357	*0.5*	112,372	*13.2*	(110,015)	(97.9)
International	131,142	*12.9*	180,851	*14.9*	(49,709)	(27.5)
Other	(18,395)	*(26.7)*	6,786	*5.4*	(25,181)	(371.1)
Corporate	(225,513)	*NM*	(174,921)	*NM*	(50,592)	(28.9)
Total	$ 275,666	*9.0 %*	$ 379,244	*11.3%*	$ (103,578)	(27.3)%

Innerwear

Innerwear net sales increased 31% compared to the six months of 2019 driven by $614 million of net sales of PPE. This increase was partially offset by a 37% and 16% decline in net sales in our intimate apparel and basics businesses, respectively, primarily as a result of the negative impact of the COVID-19 pandemic. The continued rapid expansion of COVID-19 in the six months of 2020 resulted in a sharp decline in apparel net sales and obscured the turnaround underway in our Innerwear segment as our basics business innovations and intimate apparel business revitalization plans began to regain pre-COVID-19 momentum across channels late in the six months. In addition, net sales in our Innerwear segment decreased as a result of the exit of the *C9 Champion* program at Target and the DKNY Intimates license in 2019.

Innerwear operating margin was 25.4%, an increase from 22.0% in the same period a year ago. Operating margin enhancement resulted primarily from fixed cost leverage from higher sales and temporary cost reduction initiatives.

Activewear

Activewear net sales decreased 47% compared to the six months last year primarily as a result of the negative impact of the COVID-19 pandemic. In addition, the exit of the *C9 Champion* program at Target in 2019 represented approximately $182 million of the net sales decrease in the six months of 2020 compared to the six months of 2019.

Activewear operating margin was 0.5%, representing a decrease from 13.2% in the same period a year ago. The decrease was a result of lower sales, including the exit of the *C9 Champion* program at Target, minimum royalty payments in our sports license business, higher manufacturing variances as a result of decreases in manufacturing facility production levels in our global supply chain due to the business disruption caused by the COVID-19 pandemic and higher selling, general and administrative expenses as a percentage of net sales. Lower variable costs as a result of decreased net sales and temporary cost savings initiatives implemented in response to the COVID-19 pandemic reduced selling, general and administrative costs, but not at the same rate as the decline in sales.

International

Net sales in the International segment decreased 17% as a result of the negative impact of the COVID-19 pandemic and the unfavorable impact of foreign currency exchange rates of approximately $34 million. International net sales on a constant currency basis, defined as net sales excluding the impact of foreign currency, decreased 14%. The impact of foreign exchange rates is calculated by applying prior period exchange rates to the current year financial results. Sales of PPE increased International segment net sales by $139 million in the six months of 2020.

International operating margin was 12.9%, a decrease from 14.9% in the same period a year ago, primarily due to decreased sales partially offset by various temporary cost reduction initiatives.

Other

Other net sales decreased as a result decreased traffic at our retail outlets due to temporary store closures during the six months of 2020 as a result of the COVID-19 pandemic and continued declines in hosiery sales in the United States. Operating margin decreased due to the decrease in sales volume at our retail outlets.

Corporate

Corporate expenses included certain administrative costs including restructuring and other action-related charges. Corporate expenses were higher in the six months of 2020 compared to the same period of 2019 due to higher restructuring and other action-related charges and higher bad debt expense as a result of charges for bankruptcies partially offset by lower compensation costs and other cost savings initiatives implemented in response to the COVID-19 pandemic. Included in restructuring and other action-related charges in the six months ended June 27, 2020 were $52 million of asset write-down charges recorded as a result of the on-going effects of the COVID-19 pandemic. Supply chain actions include actions to reduce overhead costs. Program exit charges are costs associated with exiting the *C9 Champion* business with Target and the DKNY Intimates license. Other restructuring costs include action-related costs such as workforce reductions, as well as acquisition and integration charges for smaller acquisitions in 2019.

	Six Months Ended	
	June 27, 2020	June 29, 2019
	(dollars in thousands)	
Restructuring and other action-related charges included in operating profit:		
Supply chain actions - 2019	$ 5,698	$ 30,290
Supply chain actions - 2020	13,504	—
Program exit costs	9,500	—
Other restructuring costs	11,614	3,692
COVID-19 related charges:		
Bad debt	11,375	—
Inventory	20,485	—
Intangible assets	20,319	—
Total restructuring and other action-related charges included in operating profit	$ 92,495	$ 33,982

Liquidity and Capital Resources

Cash Requirements and Trends and Uncertainties Affecting Liquidity

We rely on our cash flows generated from operations and the borrowing capacity under our credit facilities to meet the cash requirements of our business. The primary cash requirements of our business are payments to our employees and vendors in the normal course of business, capital expenditures, maturities of debt and related interest payments, business acquisitions, contributions to our pension plans, repurchases of our stock, regular quarterly dividend payments and income tax payments. The rapid expansion of the COVID-19 pandemic has resulted in a decline in net sales and earnings in the six months of 2020, which has a corresponding impact on our liquidity. We are focused on preserving our liquidity and managing our cash flow during these unprecedented conditions with preemptive actions to enhance our ability to meet our short-term liquidity needs. Such actions include, but are not limited to, selling PPE; operating manufacturing and distribution facilities on a demand-adjusted basis; reducing discretionary spending such as certain media and marketing expenses; focused working capital management; reducing capital expenditures; suspending our share repurchase program until further notice; reducing payroll costs, through temporary employee furloughs and pay cuts; working globally to maximize our participation in all eligible government or other initiatives available to businesses or employees impacted by the COVID-19 pandemic; engaging with landlords to negotiate rent deferrals or other rent concessions; issuing new debt and amending certain existing debt facilities.

In May 2020, we issued $700 million aggregate principal amount of 5.375% Senior Notes which will mature on May 15, 2025. The net proceeds from the issuance of $691 million were used to repay all outstanding borrowings under our Revolving Loan Facility, pay related fees and expenses, and for general corporate purposes.

In April 2020, given the rapidly changing environment and level of uncertainty being created by the COVID-19 pandemic and the associated impact on future earnings, we amended our Senior Secured Credit Facility prior to any potential covenant violation in order to modify the financial covenants and to provide operating flexibility during the COVID-19 crisis. The amendment effects changes to certain provisions and covenants under the Senior Secured Credit Facility during the period beginning with the fiscal quarter ending June 27, 2020 and continuing through the fiscal quarter ending July 3, 2021 (such period of time, the “Covenant Relief Period”), including: (a) suspension of compliance with the maximum leverage ratio; (b) reduction of the minimum interest coverage ratio from 3.00 to 1.00 to (i) 2.00 to 1.00 for the fiscal quarters ending June 27, 2020 through April 3, 2021 and (ii) 2.25 to 1.00 for the fiscal quarter ending July 3, 2021; (c) a minimum last twelve months EBITDA covenant of $625 million as of June 27, 2020, $505 million as of September 26, 2020, $445 million as of January 2, 2021, $435 million as of April 3, 2021 and $505 million as of July 3, 2021; (d) a minimum liquidity covenant of $300 million, increasing to $400 million upon certain conditions; (e) increased limitations on investments, acquisitions, restricted payments and the incurrence of indebtedness; and (f) anti-cash hoarding provisions. During the Covenant Relief Period, the applicable margin and applicable commitment fee margin will be calculated assuming the leverage ratio is greater than or equal to 4.50 to 1.00. The amendment also permanently amends the definition of “leverage ratio” for purposes of the financial covenant calculation to remove the maximum amount of cash allowed to be netted from the definition of “indebtedness” and to allow for the netting of cash from certain foreign subsidiaries. After obtaining the debt amendment, we expect to maintain compliance with our covenants for at least one year from the issuance of these financial statements based on our current expectations and forecasts. If economic conditions caused by the COVID-19 pandemic worsen and our earnings and operating cash flows do not start to recover as currently estimated by us, this could impact our ability to maintain compliance with our amended financial covenants and require us to seek additional amendments to our Senior Secured Credit Facility. If we are not able to obtain such necessary additional amendments, this would lead to an event of default and, if not cured timely, our lenders could require us to repay our outstanding debt. In that situation, we may not be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay the lenders.

We cannot assure you that our assumptions used to estimate our liquidity requirements will remain accurate due to the unprecedented nature of the disruption to our operations and the unpredictability of the COVID-19 pandemic. As a consequence, our estimates of the duration of the pandemic and the severity of the impact on our future earnings and cash flows could change and have a material impact on our results of operations and financial condition. We believe we have sufficient cash and available borrowings for our foreseeable liquidity needs.

Our primary sources of liquidity are cash generated from global operations and cash available under our Revolving Loan Facility, our Accounts Receivable Securitization Facility and our international loan facilities, including our Australian Revolving Loan Facility and our European Revolving Loan Facility.

We had the following borrowing capacity and available liquidity under our credit facilities as of June 27, 2020:

	As of June 27, 2020	
	Borrowing Capacity	Available Liquidity
	(dollars in thousands)	
Senior Secured Credit Facility:		
Revolving Loan Facility	$ 1,000,000	$ 957,718
Australian Revolving Loan Facility	41,214	6,869
European Revolving Loan Facility	112,512	—
Accounts Receivable Securitization Facility[(1)]	81,868	81,868
Other international credit facilities	128,166	112,458
Total liquidity from credit facilities	$ 1,363,760	$ 1,158,913
Cash and cash equivalents		683,114
Total liquidity		$ 1,842,027

(1) Borrowing availability under the Accounts Receivable Securitization Facility is subject to a quarterly fluctuating facility limit, not to exceed $225 million, and permitted only to the extent that the face of the receivables in the collateral pool, net of applicable reserves and other deductions, exceeds the outstanding loans.

The following have impacted or may impact our liquidity:

- The negative impact of the COVID-19 pandemic on our business as discussed above under “Impact of COVID-19 on Our Business.”
- For the six months ended June 27, 2020 and prior to the expansion of COVID-19, we entered into transactions to repurchase approximately 14.5 million shares of our common stock at a total cost of $200 million. At June 27, 2020, the remaining repurchase authorization under our current share repurchase program totaled approximately 25.5

million shares. While we may repurchase additional shares of our common stock in the future, the program has been suspended in connection with the amendment to our Senior Secured Credit Facility described above.

- We have historically paid a regular quarterly dividend. The declaration of any future dividends and, if declared, the amount of any such dividends, will be subject to our actual future earnings, capital requirements, regulatory restrictions, debt covenants, other contractual restrictions and to the discretion of our Board of Directors.
- We have principal and interest obligations under our debt and ongoing financial covenants under those debt facilities, even after taking into account recent amendments.
- We have invested in efforts to accelerate worldwide omnichannel and global growth initiatives, as well as marketing and brand building. We anticipate capital expenditures to decrease for the remainder of 2020 compared to the prior year as we tightly manage spending to help mitigate the potential negative impact of the COVID-19 pandemic on our business and liquidity.
- We expect to continue to invest in efforts to improve operating efficiencies and lower costs.
- Although currently prohibited under our Senior Secured Credit Facility, in the future, we may pursue strategic business acquisitions.
- We made a contribution of $25 million to our U.S. pension plan in the six months ended June 27, 2020. We may also elect to make additional voluntary contributions.
- We may increase or decrease the portion of the current-year income of our foreign subsidiaries that we remit to the United States, which could impact our effective income tax rate. Consistent with our investment strategy as it pertains to our historical foreign earnings as of December 28, 2019, we intend to remit historical foreign earnings totaling approximately $1.0 billion.
- We are obligated to make installment payments over an eight-year period related to our transition tax liability resulting from the implementation of the Tax Act, which began in 2018, in addition to any estimated income taxes due based on current year taxable income. In the six months ended June 27, 2020, we made no installment payments on our transition tax liability as the CARES Act extended the payment due date to July 15, 2020. On July 15, 2020, we made an installment payment of $10 million on our transition tax liability. We currently have a remaining balance due of approximately $91 million to be paid in installment payments through 2025.
- In May 2020, we issued $700 million aggregate principal amount of 5.375% Senior Notes. The net proceeds from the issuance were used to repay all outstanding borrowings under our Revolving Loan Facility, pay related fees and expenses, and for general corporate purposes.
- We have made more than 450 million face masks and more than 20 million medical gowns for the U.S. government. We are also producing masks to supply to consumers and large employers seeking to reopen business operations after being closed as a result of the COVID-19 pandemic. We expect to sell more than $150 million of PPE in the last half of 2020.
- We expect the employee furloughs and pay cuts, as well as reductions in discretionary spending such as media and marketing expenses, to save approximately $200 million in 2020.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the six months ended June 27, 2020 and June 29, 2019 was derived from our condensed consolidated financial statements.

	Six Months Ended	
	June 27, 2020	June 29, 2019
	(dollars in thousands)	
Operating activities	$ (17,793)	$ (57,363)
Investing activities	(40,623)	(57,767)
Financing activities	415,318	(64,221)
Effect of changes in foreign currency exchange rates on cash	(2,669)	4,282
Change in cash, cash equivalents and restricted cash	354,233	(175,069)
Cash, cash equivalents and restricted cash at beginning of year	329,923	455,732
Cash, cash equivalents and restricted cash at end of period	684,156	280,663
Less restricted cash at end of period	1,042	22,722
Cash and cash equivalents per balance sheet at end of period	$ 683,114	$ 257,941

Operating Activities

Our overall liquidity has historically been driven by our cash flow provided by operating activities, which is dependent on net income and changes in our working capital, and is subject to certain risks related to the COVID-19 pandemic. We typically use cash during the first half of the year and generate most of our cash flow in the second half of the year. As compared to the prior year, the lower net cash used by operating activities was primarily due to improved working capital management. Cash used by operating activities includes a $25 million and a $26 million pension contribution made in the first quarter of 2020 and 2019, respectively.

Investing Activities

Investing activities in the six months of 2020 and 2019 primarily include capital investments into our business to support our global growth initiatives. We anticipate capital expenditures to decrease for the remainder of the year compared to the prior year as we tightly manage spending to help mitigate the potential negative impact of the COVID-19 pandemic on our business and liquidity.

Financing Activities

Net cash from financing activities increased primarily as a result of higher borrowings as compared to the same period of 2019 resulting from the issuance of $700 million aggregate principal amount of 5.375% Senior Notes in May 2020. We increased our borrowings in the six months of 2020 primarily to strengthen our cash position and to provide us with additional financial flexibility to manage our business with a safety-first emphasis during the unknown duration and impact of the COVID-19 pandemic.

Financing Arrangements

In March 2020, we amended the Accounts Receivable Securitization Facility. This amendment primarily decreased the fluctuating facility limit to $225 million (previously $300 million) and extended the maturity date to March 2021. As a result of the COVID-19 pandemic, in May 2020, we amended the Accounts Receivable Securitization Facility which changed certain ratios, inserted a floor and raised pricing, as well as removed certain receivables from being pledged as collateral for the facility, increased limits on other receivables pledged as collateral and required us to maintain the same minimum liquidity covenant contained in the Senior Secured Credit Facility.

In May 2020, we issued $700 million aggregate principal amount of 5.375% Senior Notes. The net proceeds of $691 million from the issuance were used to repay all outstanding borrowings under our Revolving Loan Facility, pay related fees and expenses, and for general corporate purposes.

We believe our financing structure provides a secure base to support our operations and key business strategies. As of June 27, 2020, we were in compliance with all financial covenants under our credit facilities and other outstanding indebtedness. We continue to monitor our covenant compliance carefully. Under the terms of our Senior Secured Credit Facility, we are required to maintain a minimum interest coverage ratio and a maximum leverage ratio. The interest coverage ratio covenant is the ratio of our EBITDA for the preceding four fiscal quarters to our consolidated total interest expense and the leverage ratio covenant is the ratio of our net debt to EBITDA for the preceding four fiscal quarters. EBITDA is defined as earnings before interest, income taxes, depreciation expense and amortization, as computed pursuant to the Senior Secured Credit Facility. In April 2020, given the rapidly changing environment and level of uncertainty being created by the COVID-19 pandemic and the associated impact on future earnings, we amended our Senior Secured Credit Facility prior to any potential covenant violation in order to modify the financial covenants and to provide operating flexibility during the COVID-19 crisis. After obtaining the debt amendment discussed above, we expect to maintain compliance with our covenants during the Covenant Relief Period, however economic conditions or the occurrence of events discussed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 28, 2019 and our Quarterly Report on Form 10-Q for the quarter ended March 28, 2020 or other SEC filings could cause noncompliance.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements within the meaning of Item 303(a)(4) of SEC Regulation S-K.

Critical Accounting Policies and Estimates

We have chosen accounting policies that we believe are appropriate to accurately and fairly report our operating results and financial condition in conformity with accounting principles generally accepted in the United States. We apply these accounting policies in a consistent manner. Our significant accounting policies are discussed in Note, “Summary of Significant Accounting Policies,” to our financial statements included in our Annual Report on Form 10-K for the year ended December 28, 2019.

The application of critical accounting policies requires that we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. These estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. We evaluate these estimates and assumptions on an ongoing basis and may retain outside consultants to assist in our evaluation. If actual results ultimately differ from previous estimates, the revisions are included in results of operations in the period in which the actual amounts become known. The critical accounting policies that involve the most significant management judgments and estimates used in preparation of our financial statements, or are the most sensitive to change from outside factors, are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 28, 2019. There have been no material changes in these policies from those described in our Annual Report on Form 10-K for the year ended December 28, 2019.

Recently Issued Accounting Pronouncements

For a summary of recently issued accounting pronouncements, see Note, "Recent Accounting Pronouncements" to our financial statements included in this Quarterly Report on Form 10-Q.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

There have been no significant changes in our market risk exposures from those described in Item 7A of our Annual Report on Form 10-K for the year ended December 28, 2019.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

As required by Exchange Act Rule 13a-15(b), our management, including our Chief Executive Officer and Interim Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Interim Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 27, 2020 due to a material weakness in internal control over financial reporting described in management's annual report on internal control over financial reporting in our Annual Report on Form 10-K for the year ended December 28, 2019.

Notwithstanding the identified material weakness, management, including our principal executive officer and principal financial officer, have determined, based on the procedures we have performed, that the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly represent in all material respects our financial condition, results of operations and cash flows at June 27, 2020 and for the periods presented in accordance with U.S. GAAP.

Remediation Plan for Material Weakness

Management continues to enhance its internal control over financial reporting and to take steps to remediate the material weakness identified during the year ended December 28, 2019 related to income taxes. During the quarter ended June 27, 2020, we made progress in our remediation of the control deficiency noted above. In order to remediate the material weakness in our internal controls related to accounting for income taxes, management enhanced processes and internal controls related to deferred income taxes, effective income tax rate reconciliation and related disclosures. These enhanced controls include documentation evidencing the effective design and operation of annual and quarterly internal controls related to various aspects of deferred taxes and tax rate reconciliation. Based on the testing performed through June 27, 2020, we believe that our redesigned and enhanced processes will operate effectively.

We believe the measures described above will remediate the control deficiencies we have identified and strengthen our internal control over financial reporting. We are committed to continuing to improve our internal control processes and will continue to review, optimize and enhance our financial reporting controls and procedures. As we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address control deficiencies, or we may modify certain of the remediation measures described above. The material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

In connection with the evaluation required by Exchange Act Rule 13a-15(d), our management, including our Chief Executive Officer and Interim Chief Financial Officer, concluded that, aside from the enhancements and process improvements made in connection with our remediation plan described above, no other changes in our internal control over financial reporting occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. *Legal Proceedings*

Although we are subject to various claims and legal actions that occur from time to time in the ordinary course of our business, we are not party to any pending legal proceedings that we believe could have a material adverse effect on our business, results of operations, financial condition or cash flows.

Item 1A. ***Risk Factors***

The risk factors that affect our business and financial results that are discussed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 28, 2019 and in Part II, Item 1A, of our Quarterly Report on Form 10-Q for the quarter ended March 28, 2020. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this report. There are no material changes to the risk factors previously disclosed, nor have we identified any previously undisclosed risks that could materially adversely affect our business and financial results.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

None.

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***Mine Safety Disclosures***

Not applicable.

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.2	Articles Supplementary (Junior Participating Preferred Stock, Series A) (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.3	Articles of Amendment to Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 28, 2015).
3.4	Articles Supplementary (Reclassifying Junior Participating Preferred Stock, Series A) (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 2, 2015).
3.5	Amended and Restated Bylaws of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 26, 2017).
4.1	Indenture, dated May 4, 2020, among Hanesbrands Inc., the guarantors named therein, and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2020).
4.2	Form of 5.375% Senior Notes due 2025 (incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2020).
10.1	Hanesbrands Inc. 2020 Omnibus Incentive Plan (incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 29, 2020).*
10.2	First Amendment and Waiver dated April 27, 2020 to Fourth Amended and Restated Credit Agreement among Hanesbrands Inc., MFB International Holdings S.à r.l., HBI Australia Acquisition Co. Pty Ltd, the lenders party thereto from time to time and JPMorgan Chase Bank N.A., as the administrative agent and the collateral agent (incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 30, 2020).
10.3	Transition and Retirement Agreement dated as of May 4, 2020 by and between Hanesbrands Inc. and Gerald W. Evans, Jr.*
10.4	Letter Agreement dated as of June 1, 2020 by and between Hanesbrands Inc. and Stephen B. Bratspies.*
31.1	Certification of Gerald W. Evans, Jr., Chief Executive Officer.
31.2	Certification of M. Scott Lewis, Interim Chief Financial Officer.
32.1	Section 1350 Certification of Gerald W. Evans, Jr., Chief Executive Officer.
32.2	Section 1350 Certification of M. Scott Lewis, Interim Chief Financial Officer.
101.INS XBRL	Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH XBRL	Taxonomy Extension Schema Document
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document
101.LAB XBRL	Taxonomy Extension Label Linkbase Document
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document

* Management contract or compensatory plans or arrangements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HANESBRANDS INC.

By: /s/ M. Scott Lewis

M. Scott Lewis
Interim Chief Financial Officer
(Duly authorized officer and principal financial officer)

Date: July 30, 2020

Exhibit 10.3

TRANSITION AND RETIREMENT AGREEMENT

This **TRANSITION AND RETIREMENT AGREEMENT** (this "***Agreement***"), dated as of May 4, 2020 (the "***Effective Date***"), is entered into by and between Hanesbrands Inc. (the "***Company***") and Gerald W. Evans, Jr. ("***Executive***"). This Agreement shall be effective upon the Effective Date.

WHEREAS, Executive currently serves as Chief Executive Officer ("***CEO***") and as a member of the Board of Directors (the "***Board***") of the Company;

WHEREAS, Executive has indicated that he intends to retire from the Company;

WHEREAS, the Board has determined that it is in the Company's best interests to enter into this Agreement to ensure a smooth leadership transition in connection with Executive's retirement; and

WHEREAS, the Company and Executive desire to enter into this Agreement so that there is an orderly succession and transition to the CEO.

NOW THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **SCHEDULED RETIREMENT DATE; TERM**. Executive's "***Scheduled Retirement Date***" shall be the earlier of January 2, 2021 or the termination of Executive's employment with the Board's approval in its sole discretion as set forth under Section 4(a) below (the "***Scheduled Retirement Date***"). The term of this Agreement shall commence on the Effective Date and end on the Scheduled Retirement Date, subject to earlier termination under Section 4(b) or Section 4(c) below (the "***Term***"). Executive shall continue to serve as CEO during the Term and shall perform such duties as are customarily associated with the position of CEO, consistent with the bylaws of the Company and as required by the Board. The employment relationship between Executive and the Company shall continue to be governed by the general employment policies and practices of the Company for the Term. Notwithstanding the foregoing, when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control. Executive shall resign as an officer of the Company, and offer to resign as a member of the Board of the Company and its Subsidiaries (as defined in Section 4(d) below), effective upon the end of the Term. Following the end of the Term, the Company will owe no further payments, duties or obligations to Executive other than as provided for in this Agreement and as may be earned under the Consulting Agreement (as defined in Section 6 below).

2. **COOPERATION**. Executive shall cooperate in the effort to effect an orderly, smooth, and efficient transition of Executive's duties and responsibilities to a successor as CEO, be it on an interim or permanent basis (a "***Successor***"), as the Board or a Successor may reasonably

request at any time during the Term or thereafter until January 2, 2021, including consulting with a Successor on matters that arose while Executive served as CEO and providing information regarding the Company's operations, practices and policies. Executive shall also personally review and certify the financial statements of the Company to be filed with the Securities and Exchange Commission with respect to filings that occur while he continues to serve as CEO, in compliance with applicable federal law and otherwise causing to be prepared financial statements, tax returns and other similar items respecting the operation of the Company.

3. **COMPENSATION**. Subject to the terms and conditions of this Agreement, the Company will provide Executive with the following compensation during the Term:

(a) Salary. Executive shall continue to receive an annualized base salary of $1,100,000 ("***Base Salary***") payable in accordance with the Company's regular payroll schedule.

(b) Annual Bonus. Executive shall remain eligible to earn an annual incentive award for fiscal year 2020 (the "***2020 Annual* Bonus**") under the Hanesbrands Inc. Annual Incentive Plan for Section 16 Officers (the "***Annual Incentive Plan***"). The target amount of the 2020 Annual Bonus shall remain $1,650,000. If Executive remains employed until January 2, 2021, the amount of the 2020 Annual Bonus payable to Executive will be determined based on the Company's performance under the terms and conditions of the Annual Incentive Plan, which performance will be determined in the same manner and with the same adjustments as bonuses are determined for other Company executives under the Annual Incentive Plan. If Executive's employment terminates prior to January 2, 2021, whether Executive is eligible to receive the 2020 Annual Bonus will be determined in accordance with Section 4 below. The bonus under the Annual Incentive Plan in all events shall be payable at the same time as bonuses are paid to other Company executives under the Annual Incentive Plan.

(c) Equity Awards.

(i) All equity awards previously granted to Executive by the Company under the Hanesbrands Inc. Omnibus Incentive Plan, as amended from time to time (the "***Equity Plan***") that are outstanding as of the Effective Date, including both performance stock awards and restricted stock units ("***Outstanding Equity Awards***"), shall continue to vest during the Term, while Executive is providing services as CEO, in accordance with the terms set forth in the applicable award agreement. All Outstanding Equity Awards will remain subject to the terms and conditions of the Equity Plan and the applicable award agreements, with any performance stock awards determined in the same manner and with the same adjustments as performance stock awards are determined for other Company executives under the Equity Plan.

(ii) The Outstanding Equity Awards granted to Executive on each of December 12, 2017 and December 11, 2018 shall continue to vest following the end of the Term consistent with the treatment to be provided on Executive's retirement in accordance with Section 7 of the applicable award agreement. The Outstanding Equity Awards granted to Executive on each of

December 12, 2017 and December 11, 2018 will remain subject to the terms and conditions provided in those award agreements for vesting following retirement.

(iii) If Executive remains employed until January 2, 2021, all Outstanding Equity Awards granted to Executive on January 28, 2020 shall continue to vest as scheduled on each vesting date following the end of the Term consistent with the treatment provided on Executive's retirement in accordance with Section 7 of the applicable award agreement. The Outstanding Equity Awards that continue to vest following the end of the Term in accordance with this Section 3(c)(iii) will remain subject to the terms and conditions provided in the applicable award agreements for vesting following retirement. If Executive's employment terminates prior to January 2, 2021, whether Outstanding Equity Awards granted to Executive on January 28, 2020 continue to vest as scheduled on each vesting date following the end of the Term will be determined in accordance with Section 4 below.

(d) Standard Company Benefits. Executive shall continue to be entitled to all benefits for which Executive is eligible under the terms and conditions of the standard Company retirement and welfare plans and compensation practices which may be in effect from time to time and provided by the Company to its employees generally through the Term. Benefits payable under this Section 3(d) are referred to below as "***Standard Company Benefits***".

(e) Severance Plans and Agreements. By entering into this Agreement, Executive agrees that he shall not be entitled to compensation or benefits under any Company severance plan or agreement, other than compensation or benefits following an eligible termination in connection with a Change in Control pursuant to Section 3 of the Severance/Change in Control Agreement entered into by and between Hanesbrands Inc. and Executive on December 18, 2008 as amended on June 13, 2016 (the "***Severance Agreement***"). Executive and the Company agree that notwithstanding any events that may occur after the Effective Date, Executive will not be entitled to any compensation or benefits under the Severance Agreement unless a Change in Control (as defined in the Severance Agreement) occurs prior to the Scheduled Retirement Date, in which case Executive may be entitled to Change in Control benefits upon an eligible termination in accordance with, and subject to the terms and conditions of, Section 3 of the Severance Agreement in lieu of the benefits set forth in Section 4(a) of this Agreement.

(f) Expenses. The Company shall reimburse Executive for expenses incurred by Executive through the Term in accordance with the applicable Company's policies as may be in effect from time to time.

4. **TERMINATION BEFORE JANUARY 2, 2021.** The Company may terminate Executive's employment at any time with or without notice prior to January 2, 2021, and Executive may terminate his employment at any time prior to January 2, 2021 on thirty (30) days' written notice to the Company. This Section 4 sets forth the compensation payable to Executive in the event of employment termination prior to January 2, 2021.

(a) Approved Termination by the Board. Subject to Section 5 below, if the Board in its sole discretion approves in writing Executive's termination of employment prior to January 2, 2021 in connection with a Successor or otherwise, then Executive will be entitled to:

(i) continued payment of Base Salary and Standard Company Benefits through January 2, 2021 on the same schedule as if Executive had remained employed by the Company through that date to the maximum extent permitted under applicable law,

(ii) a 2020 Annual Bonus as provided in Section 3(b) above,

(iii) continued vesting of all Outstanding Equity Awards as provided in Section 3(c) above, and

(iv) the Accrued Benefits (as defined below).

Notwithstanding the foregoing, no payments and benefits under this Section 4(a) shall be paid until there is a signed release agreement as described in Section 5 below that has become irrevocable (the "***Release Effective Date***"), with any delayed payments and benefits to be provided within five business days after the Release Effective Date.

(b) Unapproved Resignation. If Executive resigns prior to January 2, 2021 without written Board approval, then Executive shall only be entitled to Accrued Benefits (as defined below) through the date of employment termination and eligibility for continued vesting of only the Outstanding Equity Awards described in Section 3(c)(ii). For avoidance of doubt, in the event of an unapproved resignation, Executive will *not* be entitled to (i) continued payments of Base Salary under Section 3(a) and Standard Company Benefits under Section 3(d) above, (ii) any 2020 Annual Bonus under Section 3(b), nor (iii) any continued vesting of Outstanding Equity Awards under Section 3(c)(iii), with the unvested portion of each such equity award being immediately forfeited as of the date of such termination.

(c) Cause Termination. If the Company terminates Executive's employment for Cause, then Executive shall only be entitled to the Accrued Benefits.

(d) Definitions. The following terms shall have the meanings set forth below for purposes of this Agreement:

(i) "***Accrued Benefits***" means (i) the portion of any unpaid Base Salary and vacation accrued and earned by Executive hereunder up to and including the date of employment termination, (ii) benefits under the Company's employee benefit plans vested as of the date of employment termination as required under applicable law, payable or deliverable as provided under applicable plan terms, and (iii) any unreimbursed expenses properly incurred by Executive under Section 3(f) above prior to the date of employment termination.

(ii) "***Cause***" means Executive has been convicted of (or pled guilty or no contest to) a felony or any crime involving fraud, embezzlement, theft, misrepresentation of financial impropriety; has willfully engaged in misconduct resulting in material harm to the Company; has willfully failed to substantially perform duties after written notice; or is in willful violation of Company policies resulting in material harm to the Company.

(iii) "***Subsidiaries***" means any corporation or entity of which the Company owns directly or indirectly, at least 50% of the total voting power or in which it has at least a 50% economic interest.

5. **RESTRICTIVE COVENANTS AND GENERAL RELEASE.** The obligation of the Company to pay any and all amounts under this Agreement (other than the Accrued Benefits) after Executive's termination of employment, whether such termination occurs on January 2, 2021 or on an earlier date (whether by reason of an approved termination by the Board or unapproved resignation), shall be contingent upon Executive (a) entering into a written agreement with the Company (substantially in the form attached hereto as Exhibit A) in which Executive agrees to a general release of any claims against the Company and its Subsidiaries within twenty-one days after employment termination (or such longer period of time as required under applicable law to have a binding release of one or more claims) that has become irrevocable and (b) complying with the non-compete, non-solicitation, confidentiality and non-disparagement provisions included in the general release. During the Term and thereafter, Executive shall reasonably cooperate with the Company in any internal investigation or administrative, regulatory or judicial proceeding as reasonably requested by the Company, and shall provide customary and reasonable certifications and representations in connection with the filing of the Company's annual and periodic reports with the Securities and Exchange Commission, as well as the completion of the external audit reviews of the Company's financial statements and internal controls, regarding any period in which Executive was employed by the Company consistent with applicable law and as reasonably requested by the Company's General Counsel, including but not limited to Executive's knowledge of any material misstatements or omissions of material fact, ineffective disclosure controls or procedures, internal control weaknesses, practices or policies inconsistent with Generally Accepted Accounting Principles, or material violations of law that have not been previously disclosed to the Company's Audit Committee. For avoidance of doubt, all rights to receive or continue to receive the payments and benefits referred to in Section 4 (other than the Accrued Benefits) shall cease if Executive materially breaches any of the covenants referred to in this Section 5 and shall be subject to the terms of any Company compensation recovery policy (clawback) covering executive officers as in effect from time to time. The form of general release to be signed by Executive pursuant to this Section 5 shall in no way prohibit Executive from reporting possible violations of law to any governmental agency or entity in accordance with applicable whistleblower protection provisions including, without limitation, the rules promulgated under Section 21F of the Exchange Act or Section 806 of the Sarbanes-Oxley Act of 2002, or require Executive to notify the Company (or obtain its prior approval) of any such reporting.

6. **CONSULTING AGREEMENT**. Executive and the Company agree that prior to or on the Scheduled Retirement Date, Executive and the Company will enter into a consulting agreement effective as of the business day immediately following the Scheduled Retirement Date substantially in the form attached hereto as Exhibit B (the "***Consulting Agreement***").

Notwithstanding the foregoing, in no event will the Company be required to enter into the Consulting Agreement if Executive resigns prior to January 2, 2021 without written Board approval, the Company terminates Executive's employment for Cause or there is a Change in Control (as defined in the Severance Agreement) prior to the Scheduled Retirement Date.

7. **NOTICE**. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and either delivered in person or sent by first class, certified or registered mail, postage prepaid, if to the Company at the Company's principal place of business addressed to the General Counsel, and if to Executive, at his home address most recently filed with the Company, or to such other address as either party shall have designated in writing to the other party.

8. **GOVERNING LAW**. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to any state's conflict of law principles.

9. **SEVERABILITY AND CONSTRUCTION**. If any provision of this Agreement is declared void or unenforceable or against public policy, such provision shall be deemed severable and severed from this Agreement and the balance of this Agreement shall remain in full force and effect. If a court of competent jurisdiction determines that any restriction in this Agreement is overbroad or unreasonable under the circumstances, such restriction shall be modified or revised by such court to include the maximum reasonable restriction allowed by law.

10. **WAIVER**. Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition. Any waiver of rights under this Agreement shall be in writing. If either party should waive any breach of any provisions of this Agreement, such party shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

11. **ENTIRE AGREEMENT**. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral and written, between the parties hereto with respect to the subject matter hereof. In the event of any inconsistency between any provision of this Agreement and any provision of any plan, employee handbook, personnel manual, program, policy, arrangement or agreement of the Company or any of its Subsidiaries, the provisions of this Agreement shall control. This Agreement may be modified or amended only by an instrument in writing signed by both parties. Each of the parties hereto has relied on his or its own judgment in entering into this Agreement.

12. **WITHHOLDING.** All payments made to Executive pursuant to this Agreement will be subject to withholding of employment taxes and other lawful deductions, as applicable.

13. **SURVIVAL**. Provisions of this Agreement which by their terms must survive the termination of this Agreement in order to effectuate the intent of the parties will survive any such termination, whether by expiration of the Term, termination of Executive's employment, or otherwise, for such period as may be appropriate under the circumstances. For avoidance of doubt,

the Company's obligations to make payments and provide benefits under Section 4 and Executive's obligations defined in or described under Section 5 shall survive termination of this Agreement.

14. **CONSULTATION WITH COUNSEL**. Executive acknowledges that he has had a full and complete opportunity to consult with counsel or other advisers of his own choosing concerning the terms, enforceability and implications of this Agreement, that the Company has not made any representations or warranties to Executive concerning the terms, enforceability and implications of this Agreement other than as are reflected in this Agreement, and that Executive's execution of this Agreement is knowing and voluntary.

15. **SUCCESSORS AND ASSIGNS**. This Agreement shall bind and shall inure to the benefit of the Company and any and all of its successors and assigns. This Agreement is personal to Executive and shall not be assignable by Executive. The Company may assign this Agreement to any entity which (i) purchases all or substantially all of the assets of the Company or (ii) is a direct or indirect successor (whether by merger, sale of stock or transfer of assets) of the Company. Any such assignment shall be valid so long as the entity which succeeds to the Company expressly assumes the Company's obligations hereunder and complies with its terms.

16. **SECTION HEADINGS.** The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

17. **COUNTERPARTS.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same agreement.

18. **SECTION 409A COMPLIANCE**. The intent of the parties is that payments and benefits under this Agreement comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively "***Code Section 409A***") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. Any payments under this Agreement that may be excluded from Code Section 409A, either as separation pay due to an involuntary separation from service, as a short-term deferral, or as a settlement payment pursuant to a bona fide legal dispute shall be excluded from Code Section 409A to the maximum extent possible. For purposes of Code Section 409A, Executive's right to receive payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (*e.g.*, payment shall be made within thirty (30) days following the date of termination), the actual date of payment within the specified period shall be within the sole discretion of the Company. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Code Section 409A. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of his "separation from service" to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, and if any of the payments upon "separation from service" set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the

extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution in violation of Code Section 409A, such payments shall not be provided to Executive prior to the earliest of (i) the expiration of the six-month period measured from the date of Executive’s “separation from service” with the Company, (ii) the date of Executive’s death or (iii) such earlier date as permitted under Code Section 409A without the imposition of adverse taxation (the “***Delayed Payment Period***”). Upon the first business day following the Delayed Payment Period, all payments deferred pursuant to this Section 18 shall be paid in a lump sum to Executive, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred. All expenses or other reimbursements as provided herein shall be payable in accordance with the Company’s policies in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive. Nothing contained in this Agreement shall constitute any representation or warranty by the Company regarding compliance with Code Section 409A. The Company has no obligation to take any action to prevent the assessment of any excise tax under Code Section 409A on any person and neither the Company, nor its Subsidiaries, nor any of their employees or representatives shall have any liability to Executive with respect thereto. In no event whatsoever shall the Company or any of its Subsidiaries be liable for any additional tax, interest or penalties that may be imposed on Executive by Code Section 409A or any damages for failing to comply with Code Section 409A or this Section.

IN WITNESS WHEREOF, the parties hereto have executed this Transition and Retirement Agreement as of the date first written above.

HANESBRANDS INC.

By: /s/ Joia M. Johnson

Name: Joia M. Johnson

Title: Chief Administrative Officer

EXECUTIVE:

/s/ Gerald W. Evans, Jr.

Gerald W. Evans, Jr.

EXHIBIT A

RELEASE AGREEMENT

1. I, Gerald W. Evans, Jr., have been employed by Hanesbrands Inc., a Maryland corporation, (the “Company”) as Chief Executive Officer (“CEO”) and serve as a member of the Board of Directors (the “Board”) of the Company. The Company and I entered the Transition and Retirement Agreement dated as of May 4, 2020 (the “Transition Agreement”). I will cease to serve as an employee of the Company and CEO and as a member of the Board of the Company as of [____, 20__] (the “Separation Date”).

2. I agree to the terms, commitments, covenants, conditions and general release of claims contained in this Release Agreement (this “Agreement”), in consideration for the compensation set forth in Section [3/4(a)] [as applicable] of the Transition Agreement, including continued vesting of certain of my outstanding restricted stock units and/or performance stock units under the Hanesbrands Inc. Omnibus Incentive Plan (the “Plan”) following the Separation Date. I understand this Agreement must be returned to the Company no later than 21 calendar days after the day I received this Agreement and this Agreement may be revoked by written notice to the Company for 7 days after it is signed. The Company has advised me to consult with an attorney prior to signing this Agreement.

3. I acknowledge and agree that, other than as specifically set forth in Section [3/4(a)][as applicable] of the Transition Agreement or as may be earned under the Consulting Agreement (as defined in the Transition Agreement), following the Separation Date, I am not and will not be due any additional compensation and will not be eligible to earn or accrue additional benefits under the benefit plans of the Company after the Separation Date. My participation (if any) in any of the compensation or benefit plans of the Company as of and after the Separation Date shall be subject to and determined in accordance with the terms and conditions of such plans as they may be amended from time to time.

4. I hereby represent and warrant that, during my period of employment with the Company, I did not willfully or negligently breach my duties as an employee or officer of the Company, did not commit fraud, embezzlement, or any other similar dishonest conduct, and did not knowingly violate the Company’s business standards.

5. In consideration of the benefits provided under this Agreement and the Transition Agreement, including those benefits provided under the Plan:

a. I agree that for a period of two years following the Separation Date I will not, without the prior written consent of the Company, either alone or in association with others, (1) solicit for employment, or assist or encourage the solicitation for employment of, any employee at or above the rank of “manager” of the Company or any of its subsidiaries or affiliates, including any employee at or above the rank of “manager” with whom I had material contact during the last two years of my employment with the Company; (2) induce or attempt to induce any customer (i) with whom I or any employee under my direct supervision had material contact during the last two years of my employment with the Company or (ii) about whom I obtained trade secrets or confidential information in the course of my employment with the Company to cease or reduce doing business with the Company or any of its subsidiaries or affiliates, or interfere with the relationship between the Company or any of its subsidiaries or affiliates, on the one hand, and any such customer, on the other hand; or (3) directly or indirectly counsel, advise, perform services for, or be employed by, or otherwise engage or participate in any Competing Business (regardless of whether I receive compensation of any kind).

b. For purposes of this Agreement, I agree that a “Competing Business” is defined as any business (1) with total revenues in excess of $50 million within the basic innerwear (underwear, socks, panties, bras, shapewear and hosiery) or activewear apparel markets during its most recently completed fiscal year preceding the conduct prohibited by Section 5(a) above, (2) that is operating commercially within the Territory, and (3) that has commercial operations in one or more product categories within the basic innerwear or activewear apparel markets that overlap product categories comprising in excess of 10% of the Company’s total revenues during the Company’s most recently completed fiscal year. I agree that for purposes of this Agreement, the “Territory” shall mean (i) anywhere in the world in which the Company or any of its subsidiaries or affiliates engaged in commercial operations during the last two years of my employment with the Company, including (without limitation) the United States of America, Canada, Mexico, France, Australia, New Zealand, Japan, Italy, Germany, Spain, the United Kingdom, Brazil, China, and/or the Caribbean Basin and (ii) any geographic area with respect to which I had direct or indirect responsibility during the last two years of my employment. Upon my request, the Company will cooperate to provide calculations regarding the Company’s revenues within the basic innerwear or activewear apparel markets for a given fiscal year to assist me in assessing compliance with the covenants included in this Section 5. I may rely on a written communication from the Company’s Chief Executive Officer or General Counsel regarding a determination by the Company that the provisions of this Section 5 would not prohibit specified activities that I propose to undertake.

6. I, on behalf of myself, my heirs, administrators, representatives, executors, successors, and assigns, hereby irrevocably and unconditionally release, acquit, and forever discharge the Company and its predecessors, parents, subsidiaries, affiliates, divisions, any related entity, successors and assigns, and all of their current and former agents, officers, directors,

shareholders, employees, members, trustees, fiduciaries, representatives, attorneys and all persons acting by, through, under or in concert with any of them (the "Released Parties") from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, damages, causes of action, suits, demands, losses, debts, and expenses of any nature whatsoever, known or unknown ("Claims") which I have, had or claim to have against any Released Party up to and including the date I sign this Agreement. This general release of Claims shall include, without limitation, Claims relating to my employment and retirement from employment with the Company, Claims of discrimination under the common law or any federal or state statute (including, without limitation, the Civil Rights Act of 1964, the Americans with Disabilities Act and the Age Discrimination in Employment Act, all as amended), Claims for wrongful discharge, Claims for the payment of any salary, wages, bonuses, commissions, vacation pay, severance pay or benefits, Claims of detrimental reliance, and all other statutory, common law or other Claims of any nature whatsoever, to the extent permitted by law. This general release of Claims does not apply to any Claims concerning a breach of the Transition Agreement or the Consulting Agreement, claims for indemnification, claims for Accrued Benefits (as defined in the Transition Agreement) or any claims arising after the date I sign this Agreement. With respect to the Claims I am waiving herein, I acknowledge that I am waiving my right to receive money or any other relief in any action instituted by me or on my behalf by any other person, entity or government agency.

7. To the maximum extent permitted by law, I covenant not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or in court against any of the Released Parties, including, without limitation, any of the Claims released by this Agreement. Notwithstanding the foregoing, nothing herein shall prevent me or any of the Released Parties from filing a charge with an administrative agency related to the validity of this Agreement, from instituting any action required to enforce the terms of this Agreement, or from challenging whether the release outlined in Section 6 above is knowing and voluntary. However, I may not recover monetary damages resulting from any charge filed with an administrative agency related to the validity of this Agreement. In addition, nothing herein shall be construed to prevent me from enforcing any rights I may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

8. I understand that notwithstanding any other provision of this Agreement, nothing contained in this Agreement limits my ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "Government Agencies"), or prevents me from providing truthful testimony in response to a lawfully issued subpoena or court order. Further, nothing in this Agreement shall (1) prohibit me from making reports of possible violations of federal law or regulation to any Government Agencies, including but not limited to the Securities and Exchange Commission, in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934, as amended, or Section

806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of federal law or regulation, or (2) require notification or prior approval by the Company of any such report; provided that I am not authorized to disclose communications with counsel that were made for the purpose of receiving legal advice or that contain legal advice or that are protected by the attorney work product or similar privilege. Further, this Agreement does not limit my ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. This Agreement does not limit my right to seek an award pursuant to Section 21F of the Securities Exchange Act of 1934. In addition, for the avoidance of doubt, pursuant to the federal Defend Trade Secrets Act of 2016, I shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (x) is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (y) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. I agree that I will cooperate in the effort to effect an orderly, smooth, and efficient transition of my duties and responsibilities to such individual(s) as the Company may direct, and cooperate with reasonable requests made by or on behalf of the Company for information with respect to the operations, practices, and policies of the Company or my former job responsibilities and I agree that I will comply with the cooperation obligations in Sections 2 and 5 of the Transition Agreement and the terms and conditions of the Consulting Agreement. I understand that following my Separation Date I will continue to be subject to the terms of the Transition Agreement, the Consulting Agreement, my applicable grant agreement(s), including, without limitation, the cooperation, non-compete, non-solicitation, confidentiality and non-disparagement provisions. I will promptly return to the Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which I have received or prepared or helped prepare in connection with my employment and I shall not retain any copies, duplicates, reproductions or excerpts thereof; provided, however, that I may keep my Company-issued computer, iPad and cellphone (including phone number). I understand and agree that, as a condition of being able to keep my computer, iPad and cellphone, all confidential or proprietary information of the Company or its affiliates contained on my devices shall be removed by the Company, and that after the Separation Date I will not have continuing access to any Company documents or other information except as provided to me by the Company. I understand that any documents or other information needed for me to render services under the Consulting Agreement shall be provided to me by the Company and that the confidentiality provisions described in this Section shall equally apply to any such documents or other information.

10. I acknowledge by signing this Agreement that I have read and understand this document, that I have conferred with or had opportunity to confer with my attorney regarding the terms and meaning of this Agreement, that I have had sufficient time to consider the terms provided for in this Agreement, that no representations or inducements have been made to me except as set forth in this Agreement, and that I have signed the same KNOWINGLY AND VOLUNTARILY.

11. In the event that any one or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. Moreover, if any one or more of the provisions contained in this Agreement are held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law.

________________________________ ___________________________________

[*NAME*, *TITLE*] GERALD W. EVANS, JR.

DATE:____________________, 202__

Exhibit B

CONSULTING AGREEMENT

This **CONSULTING AGREEMENT** (this “***Agreement***”) dated as of [________], [____], is entered into by and between Hanesbrands Inc. (the “***Company***”) and Gerald W. Evans, Jr. (“***Consultant***”). This Agreement shall be effective as of [________], [____] (the “***Effective Date***”).

WHEREAS, Consultant previously served as Chief Executive Officer (“***CEO***”) and as a member of the Board of Directors (the “***Board***”) of the Company;

WHEREAS, Consultant has retired from the Company;

WHEREAS, Consultant and the Company entered into the Transition and Retirement Agreement dated as of May 4, 2020 (the “***Transition Agreement***”);

WHEREAS, Consultant’s employment with the Company [will terminate][terminated] effective as of [_______] (the “***Retirement Date***”) pursuant to Section [1/4(a)][as applicable] of the Transition Agreement; and

WHEREAS, the parties desire to set forth their respective rights and obligations regarding Consultant’s consulting arrangement following the Retirement Date.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **CONSULTING PERIOD**. Beginning on the Effective Date, the Company agrees to retain Consultant as a consultant to provide the services described in Section 2 below from the Effective Date until January 1, 2022, unless terminated earlier by the Board in accordance with Section 4 below (the “***Consulting Period***”), as provided in this Agreement.

2. **CONSULTING SERVICES**. Consultant shall provide such consulting services to the Company as reasonably requested by the Board and a Successor (as defined in the Transition Agreement) from time to time; *provided* that Consultant and the Company agree that in no event will the Company require, nor will Consultant perform, a level of services during the Consulting Period that would result in Consultant failing to have a “separation from service” (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (“***Section 409A***”)) from the Company and its Subsidiaries (as defined in the Transition Agreement) on the Retirement Date. These services may include, but are not limited to, performing any transition and integration services related to the Company’s business; cooperating with the Company regarding any litigation initiated or defended involving matters of which Consultant has particular knowledge; consulting with a Successor on matters that arose while Consultant served as CEO; and providing information regarding the Company’s operations, practices, and policies (collectively, the “***Consulting Services***”). Consultant agrees to be available up to a maximum of twenty percent (20%) of normal

business hours during the Consulting Period to perform the Consulting Services. The Consulting Services will be performed at such times as are reasonably requested by the Company or a Successor after reasonable consultation with Consultant.

3. **CONSULTING FEE**. As compensation for all of the Consulting Services, during the Consulting Period the Company shall pay Consultant twelve monthly payments of no less than $91,666.67 (for a total of no less than $1,100,000) (the "***Consulting Fee***"). The Consulting Fee shall be paid monthly on the 15th day of each month during the 2021 calendar year starting on January 15, 2021. Consultant shall not be entitled to participate in, and shall not participate in, any employee benefit plan providing benefits to Company employees, whether presently in force or adopted subsequent to this Agreement, with respect to his Consulting Services. During the Consulting Period, Consultant shall not be eligible to participate in the Company's annual bonus or other cash incentive compensation plans or programs. The Company shall reimburse Consultant for expenses properly incurred by Consultant through the Consulting Period in accordance with the applicable Company's policies as may be in effect from time to time for independent contractors. Notwithstanding anything to the contrary in this Section 3, Consultant shall retain all compensation and benefits that continue past his Retirement Date pursuant to the terms of this Agreement and the Transition Agreement.

4. **TERMINATION BEFORE JANUARY 1, 2022.** The Company may terminate the Consulting Period at any time with or without notice prior to January 1, 2022.

(a) If the Company terminates the Consulting Period prior to January 1, 2022 for any reason other than as provided in Section 4(b) below, then Consultant will be entitled to the Consulting Fee through January 1, 2022 at the same times as if Consultant had continued to provide the Consulting Services to the Company through January 1, 2022.

(b) If the Company terminates the Consulting Period (i) for Cause (as defined in the Transition Agreement), or (ii) due to a breach of the Hanesbrands Inc. Release Agreement by and between the Company and Consultant dated ________ (the "***Release Agreement***"), then, in each case, the Consultant will cease to be eligible to receive any further payment of Consulting Fees.

5. **EQUITY AWARDS**. Except as otherwise determined by the Board in its sole discretion, Consultant shall not be eligible to receive equity awards under the Hanesbrands Inc. Omnibus Incentive Plan (the "***Equity Plan***"), any successor plan or otherwise with respect to his provision of the Consulting Services. Consultant's Outstanding Equity Awards (as defined in the Transition Agreement) shall be subject to the terms and conditions of the applicable award agreements and the Transition Agreement, including with respect to vesting and forfeiture. For purposes of all equity awards granted to Consultant under the Equity Plan, the Retirement Date will be treated as Consultant's last day of employment with the Company. For the avoidance of doubt, nothing in this Section 5 is intended as, nor shall be construed as, an amendment to the terms of any of Consultant's equity awards or the Transition Agreement.

6. **STATUS**. Consultant acknowledges and agrees that his status at all times during the Consulting Period shall be that of an independent contractor. Consultant hereby waives any rights to be treated as an employee or deemed employee of the Company or any of its affiliates for any purpose following his termination of employment at the Retirement Date except as provided under the Transition Agreement. The parties hereby acknowledge and agree that the compensation provided for in Section 3 shall represent fees for Consulting Services provided by Consultant as an independent contractor, and shall be paid without any deductions or withholdings for taxes. The Company may withhold from any and all amounts payable with respect to the 2020 Annual Bonus (as defined in the Transition Agreement) and any equity awards granted to Consultant under the Equity Plan such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

7. **NOTICE**. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and either delivered in person or sent by first class, certified or registered mail, postage prepaid, if to the Company at the Company's principal place of business addressed to the General Counsel, and if to Consultant, at his home address most recently filed with the Company, or to such other address as either party shall have designated in writing to the other party.

8. **GOVERNING LAW**. This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina without regard to any state's conflict of law principles.

9. **SEVERABILITY AND CONSTRUCTION**. If any provision of this Agreement is declared void or unenforceable or against public policy, such provision shall be deemed severable and severed from this Agreement and the balance of this Agreement shall remain in full force and effect. If a court of competent jurisdiction determines that any restriction in this Agreement is overbroad or unreasonable under the circumstances, such restriction shall be modified or revised by such court to include the maximum reasonable restriction allowed by law.

10. **WAIVER**. Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition. Any waiver of rights under this Agreement shall be in writing. If either party should waive any breach of any provisions of this Agreement, such party shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

11. **ENTIRE AGREEMENT**. This Agreement, together with the Transition Agreement and the Release Agreement, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements, oral and written, between the parties hereto with respect to the subject matter hereof. In the event of any inconsistency between any provision of this Agreement and any provision of any plan, employee handbook, personnel manual, program, policy, arrangement or agreement of the Company or any of its Subsidiaries, the provisions of this Agreement shall control. This Agreement may be modified or amended only by an instrument in writing signed by both parties. Each of the parties hereto has relied on his or its own judgment in entering into this Agreement.

12. **SURVIVAL**. Provisions of this Agreement which by their terms must survive the termination of this Agreement in order to effectuate the intent of the parties will survive any such

termination, whether by expiration of the Consulting Period, termination of Consultant's consulting relationship, or otherwise, for such period as may be appropriate under the circumstances.

13. **CONSULTATION WITH COUNSEL**. Consultant acknowledges that he has had a full and complete opportunity to consult with counsel or other advisers of his own choosing concerning the terms, enforceability and implications of this Agreement, that the Company has not made any representations or warranties to Consultant concerning the terms, enforceability and implications of this Agreement other than as are reflected in this Agreement, and that Consultant's execution of this Agreement is knowing and voluntary.

14. **SUCCESSORS AND ASSIGNS**. This Agreement shall bind and shall inure to the benefit of the Company and any and all of its successors and assigns. This Agreement is personal to Consultant and shall not be assignable by Consultant. The Company may assign this Agreement to any entity which (i) purchases all or substantially all of the assets of the Company or (ii) is a direct or indirect successor (whether by merger, sale of stock or transfer of assets) of the Company. Any such assignment shall be valid so long as the entity which succeeds to the Company expressly assumes the Company's obligations hereunder and complies with its terms.

15. **SECTION HEADINGS.** The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

16. **COUNTERPARTS.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same agreement.

17. **SECTION 409A**. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A and the regulations and guidance promulgated thereunder and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. Any payments under this Agreement that may be excluded from Section 409A, either as separation pay due to an involuntary separation from service, as a short-term deferral, or as a settlement payment pursuant to a bona fide legal dispute shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, Consultant's right to receive payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. All expenses or other reimbursements as provided herein shall be payable in accordance with the Company's policies in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Consultant. Nothing contained in this Agreement shall constitute any representation or warranty by the Company regarding compliance with Section 409A. The Company has no obligation to take any action to prevent the assessment of any excise tax under Section 409A on any person and neither the Company, nor its Subsidiaries, nor any of their employees or representatives shall have any liability to Consultant with respect thereto. In no event whatsoever shall the Company or any of its Subsidiaries be liable for any additional tax, interest or penalties that may be imposed on Consultant by Section 409A or any damages for failing to comply with Section 409A or this Section.

IN WITNESS WHEREOF, the parties hereto have executed this Consulting Agreement as of the date first written above.

HANESBRANDS INC.

By: ________

Name:

Title:

CONSULTANT:

____

Gerald W. Evans, Jr.

1000 East Hanes Mill Road
Winston-Salem, NC 27105
Telephone: [***]
Email: [***]

HANESbrandsINC

PERSONAL & CONFIDENTIAL

June 1, 2020

Mr. Stephen B. Bratspies
[***]
[***]

Dear Steve,

Congratulations! This letter is to confirm the details of the offer you have discussed with Russell Reynolds and the Board of Directors of Hanesbrands Inc. We are excited about the prospect of you joining Hanesbrands as Chief Executive Officer, reporting to the Board.

Your employment start date is anticipated to be August 3, 2020, or such other date as is mutually agreed upon. It is the Board's expectation that you will also become a member of the Board at that time.

Following are the specific details of the offer.

Base Salary:

Your annual gross base salary will be $1,100,000 which is $91,667 monthly, paid in arrears at the end of each month.

Annual Bonus:

You will be eligible for participation in the Annual Incentive Plan with a target bonus opportunity of 150% (maximum bonus potential of 300%) of your annual base salary, based upon achievement of financial and key performance indicators approved by the Compensations Committee of the Board each year, and subject to the provisions of the Company's Annual Incentive Plan. The plan year for the Company's incentive plan is the fiscal year, with an expected payment distribution in February/March following the plan year.

Your 2020 bonus will be prorated from your date of hire.

Long-Term Incentive Program (LTIP):

You will be eligible to participate in the Company's Long-Term Incentive Program, subject to Compensation Committee discretion from year to year. Equity grants are currently delivered as 50% time-based and 50% performance-based awards. The performance-based award is expected to be delivered at Target with a potential of two times Target based on achievement of applicable Company performance metrics. You will initially qualify for awards with an equivalent value of $6,750,000 on the date of grant.

The time-based award is expected to vest ratably over a three year timeframe, one-third on the anniversary of each award, and the performance-based award is expected to vest three years after the grant date. Both types of grants are subject to the terms of the program.

Your 2020 LTIP awards will be prorated from your date of hire.

Inducement Award

Effective as of your employment start date, the Compensation Committee intends to grant you an inducement award of stock options in three tranches as described below:

- Tranche 1 – options to purchase 83,333 shares with a per share exercise price equivalent to 100% of the closing price of a share of the Company's stock on your employment start date; tranche cliff vests after 1 year;

- Tranche 2 – options to purchase 83,333 shares with a per share exercise price equivalent to 120% of the closing price of a share of the Company's stock on your employment start date; tranche cliff vests after 2 years; and

- Tranche 3 – options to purchase 83,334 shares with a per share exercise price equivalent to 140% of the closing price of a share of the Company's stock on your employment start date; tranche cliff vests after 3 years.

Benefit Plans:

Effective as of your date of employment, you will be eligible for a Company-provided benefits package at the same level as other executive officers. An Executive Benefits Summary is enclosed for your review.

Relocation/Housing:

You will be eligible for relocation benefits, as outlined in the enclosed Employee Relocation Summary, including:

- Home sale assistance.
- Home finding assistance (realtor) and certain closing costs.
- Transportation of household goods.
- The following payments upon receipt of an executed Repayment Agreement:
    - A one-time cash lump sum of $9,000 to cover expenses associated with house finding trips for you and your family, return home trips while in temporary living, and car rental while in temporary living, payable upon the initiation of relocation.
    - A one-time lump sum of $6,000, grossed up for applicable taxes, to cover incidental expenses associated with relocating you and your family, payable after employment starts.
    - An additional relocation stipend of $50,000 to cover temporary living expenses and any other relocation expenses not covered above, payable after employment starts.

The relocation benefits can be extended beyond the timelines outlined in the Employee Relocation Summary by mutual agreement between you and the Company; however, it is the Company's expectation that your employment location and residence will be in the same city as the Company's global headquarters.

Retirement Savings Plan:

You are eligible to participate in the Retirement Savings Plan (“RSP”) or 401(k). You will be automatically enrolled in the RSP at a 4% pre-tax contribution level. You have the option to change your contribution at any time. You may contribute 1% - 50% of your cash compensation (base and bonus) on a pre-tax basis. Our current Plan provides a dollar for dollar match up to the first 4% of eligible pay, which is fully vested after two years of employment, and also provides a discretionary annual Company contribution of up to 4% of eligible pay, which vests ratably 20% annually and is fully vested after five years of employment.

Vacation:

You will be eligible for five weeks of vacation on a calendar year basis; however, four (4) days should be reserved for our winter break between Christmas and New Year’s Day. Your vacation will be prorated from your date of hire.

Reimbursement of Business Expenses:

You will be provided a Company credit card through Mastercard for Company related business and travel related expenses.

Severance/Change in Control:

I have also enclosed a copy of a Severance/Change in Control Agreement for your review. This agreement is used with executive officers and provides various protections to you for termination from employment and a change in control of the Company.

Contingency:

This offer is contingent upon the successful completion of the pre-employment drug screen and a background check, which will include the consideration of employment references. It is also contingent on Walmart’s written assurance that your acceptance of this position with Hanesbrands and performance of services in connection with this role would not constitute a breach of the terms and conditions of your Separation Agreement, or any other existing agreement you have with Walmart.

We are very excited to have you join the Hanesbrands organization.

If you have any questions on this offer, please call Ann Ziegler, Chairman of the Compensation Committee of the Board, at [***]. For details on benefits matters, feel free to call Joia Johnson, Chief Administrative Officer, at [***] (Office) or [***] (Cell).

Sincerely,

/s/ Ronald L. Nelson

Ronald L. Nelson
Chairman of the Board
Hanesbrands Inc.

I accept this offer: X Yes No

Signature:

/s/ Stephen B. Bratspies	6/2/2020	8/3/2020
Stephen B. Bratspies	Date	Start Date

Exhibit 31.1

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Gerald W. Evans, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hanesbrands Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Gerald W. Evans, Jr.

Gerald W. Evans, Jr.
Chief Executive Officer

Date: July 30, 2020

CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, M. Scott Lewis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hanesbrands Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ M. Scott Lewis

M. Scott Lewis
Interim Chief Financial Officer

Date: July 30, 2020

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Hanesbrands Inc. (“Hanesbrands”) on Form 10-Q for the fiscal quarter ended June 27, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gerald W. Evans, Jr., Chief Executive Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Hanesbrands.

/s/ Gerald W. Evans, Jr.

Gerald W. Evans, Jr.
Chief Executive Officer

Date: July 30, 2020

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2020 (the “Report”) solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Hanesbrands Inc. that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Hanesbrands Inc. and will be retained by Hanesbrands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hanesbrands Inc. (“Hanesbrands”) on Form 10-Q for the fiscal quarter ended June 27, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, M. Scott Lewis, Interim Chief Financial Officer of Hanesbrands, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Hanesbrands.

/s/ M. Scott Lewis

M. Scott Lewis
Interim Chief Financial Officer

Date: July 30, 2020

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2020 (the “Report”) solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed as part of the Report or as a separate disclosure document and shall not be deemed incorporated by reference into any other filing of Hanesbrands Inc. that incorporates the Report by reference. A signed original of this written certification required by Section 906 has been provided to Hanesbrands Inc. and will be retained by Hanesbrands Inc. and furnished to the Securities and Exchange Commission or its staff upon request.