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 September 28, 2024
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)

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

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.

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 ☒

As of November 1, 2024, there were 352,495,979 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,” “could,” “will,” “expect,” “outlook,” “potential,” “project,” “estimate,” “future,” “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 and are subject to risks and uncertainties that could cause actual results to differ materially from those implied or expressed by such statements. These risks and uncertainties include, but are not limited to: our ability to realize the expected benefits from the sale of the global *Champion* business, which was completed subsequent to our third quarter on September 30, 2024; our ability to successfully operate the *Champion* business in certain sectors and geographies through a transition period ending on January 31, 2025, and to execute, and realize the expected benefits, successfully, or at all, from the sale of certain remaining assets of the global *Champion* business at the end of this transition period; our ability to successfully implement our strategic plans, including our supply chain restructuring and consolidation and other cost savings initiatives; trends associated with our business; the rapidly changing retail environment and the level of consumer demand; the effects of any geopolitical conflicts (including the ongoing Russia-Ukraine conflict and Middle East conflicts) or public health emergencies or severe global health crises, including effects on consumer spending, global supply chains, critical supply routes and the financial markets; our ability to deleverage on the anticipated time frame or at all, which could negatively impact our ability to satisfy the financial covenants in our credit agreement or other contractual arrangements; any inadequacy, interruption, integration failure or security failure with respect to our information technology; future intangible assets or goodwill impairment due to changes in our business, market conditions, or other factors, including the sale of the global *Champion* business; significant fluctuations in foreign exchange rates; legal, regulatory, political and economic risks related to our international operations; our ability to effectively manage our complex international tax structure; and our future financial performance. 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. Such statements speak only as of the date when made and 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.

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, including our Annual Report on Form 10-K for the year ended December 30, 2023, 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 Operations
(in thousands, except per share data)
(unaudited)

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales	$ 937,103	$ 961,294	$ 2,710,709	$ 2,880,328
Cost of sales	546,663	611,513	1,703,881	1,891,375
Gross profit	390,440	349,781	1,006,828	988,953
Selling, general and administrative expenses	287,442	268,751	927,851	812,446
Operating profit	102,998	81,030	78,977	176,507
Other expenses	9,505	9,079	29,519	31,056
Interest expense, net	48,606	56,648	149,511	160,586
Income (loss) from continuing operations before income taxes	44,887	15,303	(100,053)	(15,135)
Income tax expense	12,508	21,280	34,723	50,286
Income (loss) from continuing operations	32,379	(5,977)	(134,776)	(65,421)
Loss from discontinued operations, net of tax	(2,428)	(32,822)	(172,775)	(30,246)
Net income (loss)	$ 29,951	$ (38,799)	$ (307,551)	$ (95,667)
Earnings (loss) per share - basic:				
Continuing operations	$ 0.09	$ (0.02)	$ (0.38)	$ (0.19)
Discontinued operations	(0.01)	(0.09)	(0.49)	(0.09)
Net income (loss)	$ 0.09	$ (0.11)	$ (0.87)	$ (0.27)
Earnings (loss) per share - diluted:				
Continuing operations	$ 0.09	$ (0.02)	$ (0.38)	$ (0.19)
Discontinued operations	(0.01)	(0.09)	(0.49)	(0.09)
Net income (loss)	$ 0.08	$ (0.11)	$ (0.87)	$ (0.27)

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net income (loss)	$ 29,951	$ (38,799)	$ (307,551)	$ (95,667)
Other comprehensive income (loss):				
Translation adjustments	53,550	(53,517)	5,369	(61,386)
Unrealized gain (loss) on qualifying cash flow hedges, net of tax of $1,127, $(1,761), $594 and $(1,192), respectively	(11,451)	8,490	(236)	5,955
Unrecognized income from pension and postretirement plans, net of tax of $(578), $(20), $(409) and $91, respectively	3,987	4,105	13,673	12,342
Total other comprehensive income (loss)	46,086	(40,922)	18,806	(43,089)
Comprehensive income (loss)	$ 76,037	$ (79,721)	$ (288,745)	$ (138,756)

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	September 28, 2024	December 30, 2023	September 30, 2023
Assets			
Cash and cash equivalents	$ 317,301	$ 185,717	$ 172,787
Trade accounts receivable, net	505,614	451,052	572,744
Inventories	927,754	972,654	1,066,161
Other current assets	187,541	117,057	155,289
Current assets held for sale	401,492	549,735	628,775
Total current assets	2,339,702	2,276,215	2,595,756
Property, net	198,006	354,410	356,474
Right-of-use assets	255,799	281,898	279,417
Trademarks and other identifiable intangibles, net	954,945	959,851	928,425
Goodwill	667,468	664,805	650,263
Deferred tax assets	19,740	18,176	5,267
Other noncurrent assets	120,333	139,151	148,464
Noncurrent assets held for sale	905,605	945,808	949,222
Total assets	$ 5,461,598	$ 5,640,314	$ 5,913,288
Liabilities and Stockholders' Equity			
Accounts payable	$ 684,838	$ 580,285	$ 628,765
Accrued liabilities	544,071	421,805	432,553
Lease liabilities	71,604	70,490	70,701
Accounts Receivable Securitization Facility	—	6,000	200,500
Current portion of long-term debt	59,000	59,000	59,000
Current liabilities held for sale	215,949	252,988	263,759
Total current liabilities	1,575,462	1,390,568	1,655,278
Long-term debt	3,211,248	3,235,640	3,310,256
Lease liabilities - noncurrent	231,262	239,686	234,149
Pension and postretirement benefits	89,385	103,456	107,129
Other noncurrent liabilities	104,356	123,918	201,859
Noncurrent liabilities held for sale	100,541	127,693	130,581
Total liabilities	5,312,254	5,220,961	5,639,252
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 — 351,779,995, 350,137,826 and 350,022,378, respectively	3,518	3,501	3,500
Additional paid-in capital	371,966	353,367	348,837
Retained earnings	247,365	554,796	476,796
Accumulated other comprehensive loss	(473,505)	(492,311)	(555,097)
Total stockholders' equity	149,344	419,353	274,036
Total liabilities and stockholders' equity	$ 5,461,598	$ 5,640,314	$ 5,913,288

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Condensed Consolidated Statements of Stockholders' Equity
(in thousands)
(unaudited)

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at June 29, 2024	**351,644**	**$ 3,516**	**$ 363,078**	**$ 217,400**	**$ (519,591)**	**$ 64,403**
Net income	—	—	—	29,951	—	29,951
Other comprehensive income	—	—	—	—	46,086	46,086
Stock-based compensation	—	—	8,865	—	—	8,865
Vesting of restricted stock units and other	136	2	23	14	—	39
Balances at September 28, 2024	**351,780**	**$ 3,518**	**$ 371,966**	**$ 247,365**	**$ (473,505)**	**$ 149,344**

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at December 30, 2023	**350,138**	**$ 3,501**	**$ 353,367**	**$ 554,796**	**$ (492,311)**	**$ 419,353**
Net loss	—	—	—	(307,551)	—	(307,551)
Other comprehensive income	—	—	—	—	18,806	18,806
Stock-based compensation	—	—	21,012	—	—	21,012
Vesting of restricted stock units and other	1,642	17	(2,413)	120	—	(2,276)
Balances at September 28, 2024	**351,780**	**$ 3,518**	**$ 371,966**	**$ 247,365**	**$ (473,505)**	**$ 149,344**

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

Condensed Consolidated Statements of Stockholders' Equity (Continued)
(in thousands)
(unaudited)

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at July 1, 2023	**349,840**	**$ 3,498**	**$ 343,042**	**$ 515,595**	**$ (514,175)**	**$ 347,960**
Net loss	—	—	—	(38,799)	—	(38,799)
Other comprehensive loss	—	—	—	—	(40,922)	(40,922)
Stock-based compensation	—	—	5,685	—	—	5,685
Vesting of restricted stock units and other	182	2	110	—	—	112
Balances at September 30, 2023	**350,022**	**$ 3,500**	**$ 348,837**	**$ 476,796**	**$ (555,097)**	**$ 274,036**

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at December 31, 2022	**349,009**	**$ 3,490**	**$ 334,676**	**$ 572,106**	**$ (512,008)**	**$ 398,264**
Net loss	—	—	—	(95,667)	—	(95,667)
Other comprehensive loss	—	—	—	—	(43,089)	(43,089)
Stock-based compensation	—	—	15,821	—	—	15,821
Vesting of restricted stock units and other	1,013	10	(1,660)	357	—	(1,293)
Balances at September 30, 2023	**350,022**	**$ 3,500**	**$ 348,837**	**$ 476,796**	**$ (555,097)**	**$ 274,036**

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	Nine Months Ended	
	September 28, 2024(1)	September 30, 2023(1)
Operating activities:		
Net loss	$ (307,551)	$ (95,667)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	58,506	56,246
Amortization of acquisition intangibles	10,127	12,478
Other amortization	8,195	9,856
Impairment of long-lived assets and goodwill	76,746	—
Inventory write-down charges, net of recoveries	113,528	—
Loss on extinguishment of debt	—	8,466
Loss on sale of business and classification of assets held for sale	50,330	3,641
Amortization of debt issuance costs and debt discount	7,648	6,577
Other	25,281	8,984
Changes in assets and liabilities:		
Accounts receivable	(86,606)	12,169
Inventories	55,836	444,592
Other assets	(12,886)	(20,833)
Accounts payable	85,057	(125,411)
Accrued pension and postretirement benefits	(2,617)	4,181
Accrued liabilities and other	115,218	(37,935)
Net cash from operating activities	196,812	287,344
Investing activities:		
Capital expenditures	(32,179)	(35,790)
Proceeds from sales of assets	12,336	172
Proceeds from (payments for) disposition of business	(12,000)	1,300
Other	—	18,941
Net cash from investing activities	(31,843)	(15,377)
Financing activities:		
Borrowings on Term Loan Facilities	—	891,000
Repayments on Term Loan Facilities	(29,500)	(29,500)
Borrowings on Accounts Receivable Securitization Facility	1,611,000	1,728,500
Repayments on Accounts Receivable Securitization Facility	(1,617,000)	(1,737,500)
Borrowings on Revolving Loan Facilities	613,500	1,616,500
Repayments on Revolving Loan Facilities	(613,500)	(1,908,500)
Borrowings on Senior Notes	—	600,000
Repayments on Senior Notes	—	(1,436,884)
Payments to amend and refinance credit facilities	(712)	(28,503)
Other	(3,949)	(2,884)
Net cash from financing activities	(40,161)	(307,771)
Effect of changes in foreign exchange rates on cash	(3,398)	(11,518)
Change in cash and cash equivalents	121,410	(47,322)
Cash and cash equivalents at beginning of year	205,501	238,413
Cash and cash equivalents at end of period	$ 326,911	$ 191,091
Balances included in the Condensed Consolidated Balance Sheets:		
Cash and cash equivalents	$ 317,301	$ 172,787
Cash and cash equivalents included in current assets held for sale	9,610	18,304
Cash and cash equivalents at end of period	$ 326,911	$ 191,091

(1) The cash flows related to discontinued operations have not been segregated and remain included in the major classes of assets and liabilities. Accordingly, the Condensed Consolidated Statements of Cash Flows include the results of continuing and discontinued operations.

Capital expenditures included in accounts payable at September 28, 2024 and December 30, 2023 were $3,514 and $18,550, 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 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 Annual Report on Form 10-K for the year ended December 30, 2023. The year-end condensed consolidated balance sheet data was derived from audited consolidated 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 or any future period.

Discontinued Operations

In September 2023, the Company announced that its Board of Directors and executive leadership team, with the assistance of financial and legal advisors, were undertaking an evaluation of strategic alternatives for the global *Champion* business. As part of this process, the Company’s Board of Directors considered a broad range of alternatives to maximize shareholder value and also considered an evaluation of the strategic alternatives for the Company’s U.S.-based outlet store business impacted by the global *Champion* business. In the second quarter of 2024, the Company reached the decision to exit the global *Champion* business and its U.S.-based outlet store business. The Company completed the exit of the U.S.-based outlet store business in July 2024 and completed the sale of the intellectual property and certain operating assets of the global *Champion* business subsequent to the Company’s third quarter on September 30, 2024. The Company determined that the exit of the global *Champion* and U.S.-based outlet store businesses represented multiple components of a single strategic plan that met held-for-sale and discontinued operations accounting criteria at the end of the second quarter of 2024. Accordingly, the Company began to separately report the results of the global *Champion* and U.S.-based outlet store businesses as discontinued operations in its Condensed Consolidated Statements of Operations and to present the related assets and liabilities as held for sale in its Condensed Consolidated Balance Sheets in the second quarter of 2024. These changes have been applied to all periods presented. Unless otherwise noted, discussion within these notes to the condensed consolidated interim financial statements relates to continuing operations. See Note “Assets and Liabilities of Businesses Held for Sale” for additional information about discontinued operations. In addition, the Company realigned its reportable segments in the second quarter of 2024 and has applied this change to all periods presented. See Note “Business Segment Information” for additional information about reportable segments.

Goodwill and Indefinite-lived Intangible Assets

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 value. In connection with the annual impairment analysis, the Company performs a quantitative assessment utilizing an income approach to estimate the fair values of its reporting units and certain indefinite-lived intangible assets. The most significant assumptions used to estimate the fair values of the reporting units and certain indefinite-lived intangible assets include the weighted average cost of capital, revenue growth rate, terminal growth rate and operating profit margin.

During the quarter ended September 28, 2024, the Company completed its annual quantitative impairment analysis for each reporting unit and the respective goodwill balances. The analysis indicated that all reporting units had fair values that exceeded their carrying values by more than 20% at the time the analysis was performed.

The Company also completed its annual quantitative impairment analysis for certain indefinite-lived intangible assets during the quarter ended September 28, 2024. While the analysis indicated that those indefinite-lived intangible assets had fair values that exceeded their carrying values, the Company noted a meaningful decline in the fair value cushion above the carrying value for one of the indefinite-lived trademarks within the Australian business. The decline in this trademark was driven by continued macroeconomic pressures impacting consumer spending in Australia and resulted in a fair value that exceeded the carrying value by approximately 10% at the time the analysis was performed. As a result, this trademark was considered to be at a higher risk for future impairment if economic conditions worsen or earnings and operating cash flows do not recover as currently estimated by management. As of September 28, 2024, the carrying value of this trademark was $238,810, which is reflected in the "Trademarks and other identifiable intangibles, net" line in the Condensed Consolidated Balance Sheets.

Although the Company determined that no impairment existed for the Company's goodwill or indefinite-lived intangible assets as of September 28, 2024, these assets could be at risk for future impairment due to changes in the Company's business or global economic conditions.

Ransomware Attack

As previously disclosed, on May 24, 2022, the Company identified that it had become subject to a ransomware attack that affected certain of its information technology systems. The Company activated its incident response and business continuity plans and contained the incident. There is no ongoing operational impact on the Company's ability to provide its products and services. The Company maintains insurance, including coverage for cyber-attacks, subject to certain deductibles and policy limitations, in an amount that the Company believes appropriate.

During the quarter ended September 30, 2023, the Company recognized a benefit related to business interruption insurance proceeds of $17,792, of which $15,000 was received in the quarter ended September 30, 2023. During the nine months ended September 30, 2023, the Company recognized a benefit related to business interruption insurance proceeds of $24,062, of which $20,562 was received during the nine months ended September 30, 2023. The remaining receivable for the expected final payment was recognized in the "Other current assets" line in the Condensed Consolidated Balance Sheets at September 30, 2023 and was received in October 2023. The business interruption insurance proceeds received were primarily related to the recovery of lost profit from business interruptions. The Company recognized a benefit of $17,792 and $23,354, respectively, for the business interruption insurance proceeds in the "Cost of sales" line of the Condensed Consolidated Statements of Operations during the quarter and nine months ended September 30, 2023. The Company recognized a benefit of $708 for the reimbursement of costs related primarily to legal fees in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Operations during the nine months ended September 30, 2023.

Reclassifications

Certain prior year amounts in the condensed consolidated statements of cash flows have been reclassified to conform with the current year presentation.

(2) Recent Accounting Pronouncements

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." In January 2021, the FASB clarified the scope of that guidance with the issuance of ASU 2021-01, "Reference Rate Reform: Scope." The new accounting rules provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. In December 2022, the FASB deferred the expiration date of Topic 848 with the issuance of ASU 2022-06, "Reference Rate Reform: Deferral of the Sunset Date of Topic 848." The new accounting rules extend the relief in Topic 848 beyond the cessation date of USD London Interbank Offered Rate ("LIBOR"). The new accounting rules must be adopted by the fourth quarter of 2024. The Company's contracts referencing LIBOR have previously been amended or replaced with Secured Overnight Financing Rate ("SOFR") based contracts. The Company does not expect the new accounting rules to have an impact on the Company's financial condition, results of operations, cash flows or disclosures.

Supplier Finance Program Obligations

In September 2022, the FASB issued ASU 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." The new accounting rules create certain disclosure requirements for a buyer in a supplier finance program. The new accounting rules require qualitative and quantitative disclosures including key terms of the program, balance sheet presentation of related amounts, the obligation amount the buyer has confirmed as valid to the finance provider and a rollforward of the obligation. The accounting rules do not impact the recognition, measurement, or financial statement presentation of supplier finance program obligations. The disclosure of the obligation rollforward is effective for the Company for annual periods beginning in 2024 and all other disclosures were effective for the Company in the first quarter of 2023. While the new accounting rules did not have any impact on the Company's financial condition, results of operations or cash flows, the adoption of the new accounting rules did result in additional disclosures for the Company beginning in the first quarter of 2023, which are included in Note "Accounts Receivable and Supplier Finance Programs".

Leases

In March 2023, the FASB issued ASU 2023-01, "Leases (Topic 842): Common Control Arrangements." The new accounting rules require that leasehold improvements associated with common control leases be amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset (the leased asset) through a lease. These leases should also be accounted for as a transfer between entities under common control through an adjustment to equity if, and when, the lessee no longer controls the use of the underlying asset. The new accounting rules were effective for the Company in the first quarter of 2024. The adoption of the new accounting rules did not have a material impact on the Company's financial condition, results of operations, cash flows and disclosures.

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The new accounting rules are designed to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The new accounting rules will be effective for the Company for annual periods beginning in 2024 and interim periods beginning in 2025. Early adoption is permitted. While the new accounting rules will not have any impact on the Company's financial condition, results of operations or cash flows, the adoption of the new accounting rules will result in additional disclosures.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The new accounting rules on income tax disclosures require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit as separated between domestic and foreign and (3) income tax expense or benefit from continuing operations as separated by federal, state, and foreign. The new accounting rules also require entities to disclose their income tax payments to federal, state and local jurisdictions, and international, among other changes. The new accounting rules will be effective for the Company for the annual periods beginning in 2025 and should be applied on a prospective basis, but retrospective application is permitted. Early adoption is permitted. While the new accounting rules will not have any impact on the Company's financial condition, results of operations or cash flows, the adoption of the new accounting rules will result in additional disclosures.

(amounts in thousands, except per share data)

(3) Assets and Liabilities of Businesses Held for Sale

Assets and liabilities of businesses classified as held for sale in the Condensed Consolidated Balance Sheets consist of the following:

	September 28, 2024	December 30, 2023	September 30, 2023
Global *Champion* business - discontinued operations	$ 401,492	$ 513,247	$ 590,177
U.S.-based outlet store business - discontinued operations	—	36,488	38,598
Current assets held for sale	$ 401,492	$ 549,735	$ 628,775
Global *Champion* business - discontinued operations	$ 905,605	$ 926,141	$ 925,675
U.S.-based outlet store business - discontinued operations	—	19,667	23,547
Noncurrent assets held for sale	$ 905,605	$ 945,808	$ 949,222
Global *Champion* business - discontinued operations	$ 215,949	$ 245,272	$ 254,447
U.S.-based outlet store business - discontinued operations	—	7,716	9,312
Current liabilities held for sale	$ 215,949	$ 252,988	$ 263,759
Global *Champion* business - discontinued operations	$ 100,541	$ 120,247	$ 121,872
U.S.-based outlet store business - discontinued operations	—	7,446	8,709
Noncurrent liabilities held for sale	$ 100,541	$ 127,693	$ 130,581

U.S. Sheer Hosiery Business - Continuing Operations

In the fourth quarter of 2021, the Company reached the decision to divest its U.S. Sheer Hosiery business, including the *L'eggs* brand, as part of its strategy to streamline its portfolio under its Full Potential transformation plan and determined that this business met held-for-sale accounting criteria. The Company recorded a non-cash charge in the fourth quarter of 2021 against the net assets held for sale to write down the carrying value of the disposal group to the estimated fair value less costs of disposal. In 2022, the Company recorded a non-cash gain to adjust the valuation allowance primarily resulting from a decrease in carrying value due to changes in working capital. In the quarter and nine months ended September 30, 2023, the Company recognized a gain of $1,558 and a loss, net of proceeds, of $3,641, respectively, which are reflected in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statements of Operations, associated with the sale of the U.S. Sheer Hosiery business and adjustments to the related valuation allowance prior to the sale primarily resulting from changes in carrying value due to changes in working capital. The operations of the U.S. Sheer Hosiery business were reported in Other for the quarter and nine months ended September 30, 2023 in Note "Business Segment Information".

The Company completed the sale of its U.S. Sheer Hosiery business to AllStar Hosiery LLC, an affiliate of AllStar Marketing Group, LLC, on September 29, 2023 for $3,300 in total proceeds, which included cash of $1,300 and a receivable of $2,000, which was included in the "Other current assets" line in the Condensed Consolidated Balance Sheets at December 30, 2023.

Discontinued Operations

In the second quarter of 2024, the Company reached the decision to exit the global *Champion* and U.S.-based outlet store businesses and determined that the exit of these two businesses represented multiple components of a single strategic plan that met held-for-sale and discontinued operations accounting criteria at the end of the second quarter of 2024. Accordingly, the Company began to separately report the results of the global *Champion* and U.S.-based outlet store businesses as discontinued operations in its Condensed Consolidated Statements of Operations and to present the related assets and liabilities as held for sale in its Condensed Consolidated Balance Sheets. In addition, certain expenses related to the operations of the global *Champion* and U.S.-based outlet store businesses were included in general corporate expenses, restructuring and other action-related charges and amortization of intangibles, which were previously excluded from segment operating profit, and have been reclassified to discontinued operations beginning in the second quarter of 2024. These changes have been applied to all periods presented. See Note "Basis of Presentation" for additional information.

While the operations of the global *Champion* business were reflected within all reportable segments prior to its reclassification to discontinued operations, the U.S. *Champion* business made up the majority of the Company's former Activewear segment. The operations of the U.S.-based outlet store business were reported in Other in Note "Business Segment Information" prior to its reclassification to discontinued operations. See Note "Business Segment Information" for additional discussion regarding realignment of the Company's reportable segments.

Global Champion Business

In the second quarter of 2024, the Company announced that it had reached an agreement to sell the intellectual property and certain operating assets of the global *Champion* business to Authentic Brands Group LLC ("Authentic"). Pursuant to the agreement, as amended, the Company completed the sale of the intellectual property and certain operating assets of the global *Champion* business to Authentic subsequent to the Company's third quarter on September 30, 2024 (the "Initial Closing") in exchange for gross cash proceeds of $857,450 and a receivable of $12,162. In addition, the Company has the potential to receive additional contingent cash consideration of up to $300,000 pursuant to the agreement. The Company will continue to provide certain transition services to Authentic pursuant to the terms of the Transition Services Agreement entered into among the Company, Authentic and the applicable service recipients and will continue to operate the *Champion* business in certain sectors and geographies through a transition period ending on January 31, 2025 (the "Deferred Business"). At the end of the transition period, Authentic will purchase from the Company certain remaining assets of the Deferred Business. The global *Champion* business sale transaction excluded the operating assets of the *Champion* business in Japan, and the Company will continue to operate the *Champion* business in Japan as a licensee of Authentic pursuant to the terms of a license agreement entered into at the Initial Closing. The Company used net sale proceeds from the Initial Closing of $783,208, which excludes customary transaction costs and other deductions permitted under the Company's senior secured credit facility (the "Senior Secured Credit Facility"), to pay down a portion of the Company's outstanding term debt in October 2024.

U.S.-Based Outlet Store Business

In the second quarter of 2024, the Company began actively marketing its U.S.-based outlet store business to prospective buyers. In July 2024, the Company entered into a purchase agreement with Restore Capital (HCR Stores), LLC ("Restore"), an affiliate of Hilco Merchant Resources, LLC, and completed the exit of the U.S.-based outlet store business. Under the purchase agreement, the Company agreed to pay Restore $12,000 at closing and an additional $3,000 in January 2025 and to provide certain inventory to Restore, in exchange for Restore agreeing to assume the operations and certain liabilities of the Company's U.S.-based outlet store business. As of September 28, 2024, the Company had a valuation allowance of $13,979 for the full balance of the remaining inventory that had not yet been transferred to Restore. The remaining inventory balance as of September 28, 2024 is reflected in the "Inventories" line and the offsetting valuation allowance is reflected in the "Valuation allowance - U.S.-based outlet store business" line in the "Assets and liabilities of the discontinued operations of the global *Champion* and U.S.-based outlet store businesses" table below. The agreement with Restore did not include *Champion*-branded U.S. retail stores, which were addressed in accordance with the purchase agreement governing the sale of the global *Champion* business to Authentic, which was completed subsequent to the Company's third quarter on September 30, 2024.

Upon meeting the criteria for held-for-sale classification in the second quarter of 2024, which qualified as a triggering event, the Company performed an impairment analysis of the goodwill associated with the Company's U.S.-based outlet store business, which resulted in a non-cash impairment charge of $2,500 in the nine months ended September 28, 2024. Additionally, in the second quarter of 2024, the Company recorded a valuation allowance against the net assets held for sale, which were primarily current assets, to adjust the carrying value of the U.S.-based outlet store business to the estimated fair value less costs of disposal. In the quarter and nine months ended September 28, 2024, the Company recorded a non-cash gain of $741 and a non-cash charge of $50,330, respectively, associated with the sale of the U.S.-based outlet store business and adjustments to the related valuation allowance prior to the sale, primarily resulting from a decrease in carrying value due to changes in working capital in the quarter ended September 28, 2024. These amounts are reflected in the "(Gain) loss on sale of business and classification of assets held for sale - U.S.-based outlet store business" in the summarized discontinued operations financial information below.

HANESBRANDS INC.

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

The operating results of the discontinued operations of the global *Champion* and U.S.-based outlet store businesses only reflect revenues and expenses that are directly attributable to the global *Champion* and U.S.-based outlet store businesses that will be eliminated from continuing operations. The Company allocated interest expense to discontinued operations of approximately $17,124 and $17,291 in the quarters ended September 28, 2024 and September 30, 2023, respectively, and $52,786 and $47,786 in the nine months ended September 28, 2024 and September 30, 2023, respectively, resulting from the requirement to pay down a portion of the Company's outstanding term debt under the Senior Secured Credit Facility with the net proceeds from the sale of the global *Champion* business. Discontinued operations does not include any allocation of corporate overhead expense. The key components from discontinued operations related to the global *Champion* and U.S.-based outlet store businesses are as follows:

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales	$ 443,535	$ 550,012	$ 1,180,057	$ 1,459,368
Cost of sales	297,176	429,482	830,348	1,045,580
Gross profit	146,359	120,530	349,709	413,788
Selling, general and administrative expenses	126,810	135,598	408,926	397,610
Impairment of goodwill	—	—	2,500	—
(Gain) loss on sale of business and classification of assets held for sale - U.S.-based outlet store business	(741)	—	50,330	—
Operating income (loss)	20,290	(15,068)	(112,047)	16,178
Other expenses	1	32	44	89
Interest expense, net	15,335	15,961	46,982	45,080
Income (loss) from discontinued operations before income taxes	4,954	(31,061)	(159,073)	(28,991)
Income tax expense	7,382	1,761	13,702	1,255
Loss from discontinued operations, net of tax	$ (2,428)	$ (32,822)	$ (172,775)	$ (30,246)

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

Assets and liabilities of the discontinued operations of the global *Champion* and U.S.-based outlet store businesses classified as held for sale in the Condensed Consolidated Balance Sheets as of September 28, 2024, December 30, 2023 and September 30, 2023 consist of the following:

	September 28, 2024	December 30, 2023	September 30, 2023
Cash and cash equivalents	$ 9,610	$ 19,784	$ 18,304
Trade accounts receivable, net	132,319	106,677	140,084
Inventories	246,844	395,364	450,618
Other current assets	26,698	27,910	19,769
Valuation allowance - U.S.-based outlet store business	(13,979)	—	—
Current assets held for sale - discontinued operations	401,492	549,735	628,775
Property, net	54,202	59,956	59,053
Right-of-use assets	117,785	147,020	148,193
Trademarks and other identifiable intangibles, net	272,761	275,853	272,583
Goodwill	446,789	447,939	442,836
Deferred tax assets	5,848	3,778	14,866
Other noncurrent assets	8,220	11,262	11,691
Noncurrent assets held for sale - discontinued operations	905,605	945,808	949,222
Total assets of discontinued operations	$ 1,307,097	$ 1,495,543	$ 1,577,997
Accounts payable	$ 119,908	$ 155,967	$ 161,158
Accrued liabilities	65,510	56,871	60,581
Lease liabilities	30,531	40,150	42,020
Current liabilities held for sale - discontinued operations	215,949	252,988	263,759
Lease liabilities - noncurrent	85,835	114,329	113,923
Pension and postretirement benefits	400	799	410
Other noncurrent liabilities	14,306	12,565	16,248
Noncurrent liabilities held for sale - discontinued operations	100,541	127,693	130,581
Total liabilities of discontinued operations	$ 316,490	$ 380,681	$ 394,340

The cash flows related to the discontinued operations of the global *Champion* and U.S.-based outlet store businesses have not been segregated and are included in the Condensed Consolidated Statements of Cash Flows. The following table presents cash flow and non-cash information related to the discontinued operations of the global *Champion* and U.S.-based outlet store businesses:

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Depreciation	$ —	$ 3,263	$ 6,757	$ 10,188
Amortization	$ —	$ 2,760	$ 5,453	$ 8,219
Capital expenditures	$ 945	$ 1,567	$ 4,605	$ 22,093
Impairment of goodwill	$ —	$ —	$ 2,500	$ —
Inventory write-down charges, net of recoveries	$ (4,135)	$ —	$ 65,128	$ —
(Gain) loss on sale of business and classification of assets held for sale - U.S.-based outlet store business	$ (741)	$ —	$ 50,330	$ —

HANESBRANDS INC.

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

(4) Revenue Recognition

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

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Third-party brick-and-mortar wholesale	$ 609,537	$ 633,464	$ 1,778,910	$ 1,993,391
Consumer-directed	327,566	327,830	931,799	886,937
Total net sales	$ 937,103	$ 961,294	$ 2,710,709	$ 2,880,328

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. Third-party brick-and-mortar wholesale revenue also includes royalty revenue from license 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.

Consumer-Directed Revenue

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

(5) Stockholders' Equity

Basic earnings (loss) per share was computed by dividing net income (loss) by the number of weighted average shares of common stock outstanding during the period. Diluted earnings (loss) per share was calculated to give effect to all potentially issuable dilutive shares of common stock using the treasury stock method. In the quarter ended September 30, 2023 and nine months ended September 28, 2024 and September 30, 2023, all potentially dilutive securities were excluded from the diluted weighted average share calculation because the Company incurred a net loss in each of those periods and their inclusion would be anti-dilutive.

The weighted average number of shares used in the basic and diluted earnings (loss) per share calculation is as follows:

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Basic weighted average shares outstanding	352,107	350,667	351,891	350,534
Effect of potentially dilutive securities:				
Restricted stock units	2,727	—	—	—
Employee stock purchase plan and other	5	—	—	—
Diluted weighted average shares outstanding	354,839	350,667	351,891	350,534

The following securities were excluded from the diluted weighted average share calculation because their effect would be anti-dilutive:

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Stock options	250	250	250	250
Restricted stock units	553	4,592	1,783	4,343
Employee stock purchase plan and other	—	8	5	12

(amounts in thousands, except per share data)

On February 2, 2022, the Company's Board of Directors approved a share repurchase program for up to $600,000 of shares to be repurchased in open market transactions or privately negotiated transactions, subject to market conditions, legal requirements and other factors. Unless terminated earlier by the Company's Board of Directors, the program will expire on December 28, 2024. 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 allows the Company to repurchase shares in the open market during periods in which the stock trading window is otherwise closed for the Company, the Company's directors and certain of the Company's officers and employees pursuant to the Company's insider trading policy. The Company did not repurchase any shares under the program in the quarters and nine months ended September 28, 2024 and September 30, 2023. At September 28, 2024, the remaining repurchase authorization under the share repurchase program totaled $575,013. Share repurchases are currently prohibited under the Senior Secured Credit Facility. See Note "Debt" for additional information.

(6) Inventories

Inventories consisted of the following:

	September 28, 2024	December 30, 2023	September 30, 2023
Raw materials	$ 46,136	$ 45,960	$ 54,895
Work in process	71,307	70,932	84,187
Finished goods	810,311	855,762	927,079
	$ 927,754	$ 972,654	$ 1,066,161

(7) Accounts Receivable and Supplier Finance Programs

Sales of Trade Accounts Receivable

The Company has entered into agreements to sell selected trade accounts receivable to financial institutions based on programs sponsored by the Company as well as working capital programs offered by certain of the Company's customers. As a result of the strong creditworthiness of these customers, the discount taken on most of these programs is less than the marginal borrowing rate on the Company's variable rate credit facilities. In all agreements, after the sale, the Company does not retain any beneficial interests in the receivables. The applicable financial institution services and collects the accounts receivable directly from the customer for programs offered by the Company's customers. For programs sponsored by the Company, the Company maintains continued involvement as the servicer to collect the accounts receivable from the customer and remit payment to the financial institutions. Net proceeds of these accounts receivable sale programs are recognized in the Condensed Consolidated Statements of Cash Flows as part of operating cash flows.

The Company sold total trade accounts receivable related to Company sponsored programs of $450,607 and $328,309 during the quarters ended September 28, 2024 and September 30, 2023, respectively, and $1,317,620 and $1,046,535 during the nine months ended September 28, 2024 and September 30, 2023, respectively, and removed the trade accounts receivable from the Company's Condensed Consolidated Balance Sheets at the time of sale. As of September 28, 2024, December 30, 2023 and September 30, 2023, $430,653, $297,807 and $321,348, respectively, of the sold trade accounts receivable remain outstanding with the financial institutions as a result of the related servicing obligation. Collections of accounts receivable not yet submitted to the financial institutions are remitted within one week of collection and recognized within the "Accounts payable" line of the Condensed Consolidated Balance Sheets. As these funds are related to the ongoing service agreement and do not serve in a financing capacity, cash flows collected from customers and submitted to the financial institutions are recognized in the Condensed Consolidated Statements of Cash Flows as part of operating cash flows.

The Company recognized total funding fees of $6,354 and $7,027 during the quarters ended September 28, 2024 and September 30, 2023, respectively, and $20,094 and $16,672 during the nine months ended September 28, 2024 and September 30, 2023, respectively, for sales of trade accounts receivable to financial institutions and working capital programs in the "Other expenses" line in the Condensed Consolidated Statements of Operations.

(amounts in thousands, except per share data)

Supplier Finance Program Obligations

The Company reviews supplier terms and conditions on an ongoing basis and has negotiated payment term extensions in recent years in connection with its efforts to effectively manage working capital and improve cash flow. Separate from these payment term extension actions noted above, the Company and certain financial institutions facilitate voluntary supplier finance programs that enable participating suppliers the ability to request payment of their invoices from the financial institutions earlier than the terms stated in Company's payment policy. The Company is not a party to the arrangements between the suppliers and the financial institutions and its obligations to suppliers, including amounts due and scheduled payment dates, are not impacted by the suppliers' participation in the supplier finance programs. The Company's payment terms to the financial institutions, including the timing and amount of payments, are based on the original supplier invoices. The Company has no economic interest in a supplier's decision to participate in the supplier finance programs and has no financial impact in connection with the supplier finance programs. Accordingly, obligations under these programs continue to be trade payables and are not indicative of borrowing arrangements. As of September 28, 2024, December 30, 2023 and September 30, 2023, the amounts due to suppliers participating in supplier finance programs totaled $114,762, $108,499 and $134,826, respectively, which are included in the "Accounts Payable" line of the Condensed Consolidated Balance Sheets.

(8) Debt

Debt consisted of the following:

	Interest Rate as of September 28, 2024	Principal Amount September 28, 2024	Principal Amount December 30, 2023	Maturity Date
Senior Secured Credit Facility:				
Revolving Loan Facility	—%	$ —	$ —	November 2026
Term Loan A	7.35%	912,500	937,500	November 2026
Term Loan B	9.00%	888,750	893,250	March 2030
9.000% Senior Notes	9.00%	600,000	600,000	February 2031
4.875% Senior Notes	4.88%	900,000	900,000	May 2026
Accounts Receivable Securitization Facility	—%	—	6,000	May 2025
		3,301,250	3,336,750	
Less long-term debt issuance costs and debt discount		31,002	36,110	
Less current maturities		59,000	65,000	
		$ 3,211,248	$ 3,235,640	

As of September 28, 2024 the Company's primary financing arrangements were the Senior Secured Credit Facility, the 9.000% senior notes (the "9.000% Senior Notes"), the 4.875% senior notes (the "4.875% Senior Notes") and the accounts receivable securitization facility (the "ARS Facility"). The outstanding balances at September 28, 2024 and December 30, 2023 are reported in the "Accounts Receivable Securitization Facility", "Current portion of long-term debt" and "Long-term debt" lines in the Condensed Consolidated Balance Sheets.

Debt Refinancing and Amendments

In February and March 2023, the Company refinanced its debt structure to provide greater near-term financial flexibility given the uncertainty within the global macroeconomic environment. The refinancing consisted of entering into a new senior secured term loan B facility in an aggregate principal amount of $900,000 due in 2030 (the "Term Loan B"), issuing $600,000 aggregate principal amount of the 9.000% Senior Notes and redeeming the Company's 4.625% senior notes due in May 2024 (the "4.625% Senior Notes") and 3.5% senior notes due in June 2024 (the "3.5% Senior Notes").

The Company used the net proceeds from borrowings under the Term Loan B together with the net proceeds from the offering of the 9.000% Senior Notes to redeem all of its outstanding 4.625% Senior Notes and 3.5% Senior Notes and pay the related fees and expenses which resulted in total charges of $8,466 in the nine months ended September 30, 2023. The charges, which are recorded in the "Other expenses" line in the Condensed Consolidated Statements of Operations in the nine months ended September 30, 2023, included a payment of $4,632 for a required make-whole premium related to the redemption of the 3.5% Senior Notes, a non-cash charge of $1,654 for the write-off of unamortized debt issuance costs related to the redemption of the 3.5% Senior Notes and a non-cash charge of $2,180 for the write-off of unamortized debt issuance costs related to the redemption of the 4.625% Senior Notes. The refinancing activities in the nine months ended September 30, 2023 resulted in a debt discount of $9,000 related to the Term Loan B and total capitalized debt issuance costs of $22,965 which included $11,909 related to the Term Loan B and $11,056 related to the 9.000% Senior Notes. The debt discount and debt issuance costs are amortized into interest expense over the respective terms of the debt instruments. The cash payments for the make-whole premium and fees capitalized as debt issuance costs are reported in "Net cash from financing activities" in the Condensed Consolidated Statements of Cash Flows in the nine months ended September 30, 2023.

Additionally, in 2023, the Company amended the credit agreement governing its Senior Secured Credit Facility prior to any potential future covenant violation in order to modify the financial covenants and to provide greater strategic and operating flexibility. The most recent amendment in 2023 effected changes to certain provisions and covenants under the Senior Secured Credit Facility, including changes to certain covenants and provisions that were previously amended in November 2022 and February 2023, during the period beginning with the fiscal quarter ending December 30, 2023 and continuing through the fiscal quarter ending September 27, 2025, or such earlier date as the Company may elect (such period of time, the "Extended Covenant Relief Period"), including: (a) an extension of the original Covenant Relief Period from March 30, 2024 to September 27, 2025; (b) an increase in the maximum leverage ratio to 6.75 to 1.00 for the quarters ending December 30, 2023 and March 30, 2024, 6.63 to 1.00 for the quarters ending June 29, 2024 and September 28, 2024, 6.38 to 1.00 for the quarter ending December 28, 2024, 5.63 to 1.00 for the quarter ending March 29, 2025, 5.25 to 1.00 for the quarter ending June 28, 2025, and 5.00 to 1.00 for the quarter ending September 27, 2025, reverting back to 4.50 to 1.00 for each quarter after the Extended Covenant Relief Period has ended; and (c) a reduction of the minimum interest coverage ratio to 1.63 to 1.00 for the quarters ending December 30, 2023 through September 28, 2024, 1.75 to 1.00 for the quarter ending December 28, 2024, 2.00 to 1.00 for the quarter ending March 29, 2025, 2.25 to 1.00 for the quarter ending June 28, 2025, and 2.50 to 1.00 for the quarter ending September 27, 2025 and each quarter after the Extended Covenant Relief Period has ended. The amendment also included the following additional baskets and restrictions: (a) an additional basket for permitted asset sales of $60,000; (b) suspended the Company's reinvestment rights with respect to net proceeds in respect of certain asset sales (including the additional asset sale basket described in (a) above) and casualty and condemnation events (requiring the Company to prepay the credit agreement term loan obligations with such net proceeds, subject to step-downs for such prepayment requirement based on the leverage ratio); (c) reduced the cap on the Company's general lien basket from $165,000 to $85,000 during the Extended Covenant Relief Period; (d) reduced the maximum amount for incremental facilities secured by a lien to $100,000 during the Extended Covenant Relief Period; and (e) suspended the payment of annual dividends during the Extended Covenant Relief Period, which will revert back to the greater of (x) $350,000 and (y) 8.0% of Total Tangible Assets after the Extended Covenant Relief Period has ended. In addition, the amendment increased the applicable interest rate margins and commitment fee rates based on the leverage ratio during the Extended Covenant Relief Period.

In October 2024, the Company paid down $867,983 of its outstanding term debt under the Senior Secured Credit Facility using a combination of cash generated from operations and net sale proceeds from the Initial Closing of the sale of the global *Champion* business, which was completed subsequent to the Company's third quarter on September 30, 2024. See Note "Assets and Liabilities of Businesses Held for Sale" for additional information.

Other Debt Related Activity

As of September 28, 2024, the Company had $996,743 of borrowing availability under the $1,000,000 Revolving Loan Facility after taking into account $3,257 of standby and trade letters of credit issued and outstanding under this facility.

The ARS Facility, which was entered into in November 2007, was amended in May 2024. The amendment extended the maturity date to May 2025 with no change to the quarterly fluctuating facility limit. Additionally, the amendment removed the two pricing tiers that were added in the previous amendment, reverting back to a single tier pricing structure. Borrowing availability under the Company’s ARS Facility is subject to a quarterly fluctuating facility limit ranging from $200,000 in the first and second quarters to $225,000 in the third and fourth quarters 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. As of September 28, 2024, the quarterly fluctuating facility limit was $225,000, the maximum borrowing capacity was $106,480 and the Company had $106,480 of borrowing availability under the ARS Facility.

The Company had $3,708 of borrowing capacity under other international credit facilities which had no outstanding borrowings at September 28, 2024. The Company had $9,066 of international letters of credit outstanding at September 28, 2024. Available liquidity for other international credit facilities is reduced for any outstanding international letters of credit. The international letters of credit are not outstanding under any specific credit facility and do not reduce actual borrowing capacity under the specific credit facilities.

As of September 28, 2024, the Company was in compliance with all financial covenants under its credit facilities and other outstanding indebtedness. 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 as described above, each of which is defined in the Senior Secured Credit Facility. The method of calculating all the components used in the covenants is included in the Senior Secured Credit Facility.

(9) Income Taxes

In the quarter ended September 28, 2024, income tax expense was $12,508 resulting in an effective income tax rate of 27.9% and in the quarter ended September 30, 2023, income tax expense was $21,280 resulting in an effective income tax rate of 139.1%. In the nine months ended September 28, 2024, income tax expense was $34,723 resulting in an effective income tax rate of (34.7)% and in the nine months ended September 30, 2023, income tax expense was $50,286 resulting in an effective income tax rate of (332.2)%. The Company's effective tax rates for the quarters and nine months ended September 28, 2024 and September 30, 2023 primarily differ from the U.S. statutory rate due to valuation allowances against certain net deferred tax assets. Additionally, the Company had unfavorable discrete items of $1,198 and favorable discrete items of $424 for the quarter and nine months ended September 28, 2024, respectively, and favorable discrete items of $3,539 and unfavorable discrete items of $4,175 for the quarter and nine months ended September 30, 2023, respectively.

The Organization for Economic Co-operation and Development (the “OECD”), an international association of 38 countries including the U.S., has proposed changes to numerous long-standing tax principles, including a global minimum tax initiative. On December 12, 2022, the European Union member states agreed to implement the OECD’s Pillar 2 global corporate minimum tax rate of 15% on companies with revenues of at least $790,000, which went into effect in 2024. While there is uncertainty whether the U.S. will enact legislation to adopt Pillar 2, certain countries in which the Company operates have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar 2. The Company does not expect Pillar 2 to have a material impact on its effective tax rate or its consolidated results of operations, financial position and cash flows for 2024. The Company is continuing to monitor the developing laws of Pillar 2 and its potential impact on future periods.

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(10) 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 June 29, 2024	$ (261,663)	$ 5,781	$ (410,318)	$ 146,609	$ (519,591)
Amounts reclassified from accumulated other comprehensive loss	—	(4,336)	3,863	520	47
Current-period other comprehensive income (loss) activity	53,550	(8,242)	702	29	46,039
Total other comprehensive income (loss)	53,550	(12,578)	4,565	549	46,086
Balance at September 28, 2024	$ (208,113)	$ (6,797)	$ (405,753)	$ 147,158	$ (473,505)

	Cumulative Translation Adjustment[1]	Cash Flow Hedges	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Loss
Balance at December 30, 2023	$ (213,482)	$ (5,967)	$ (419,835)	$ 146,973	$ (492,311)
Amounts reclassified from accumulated other comprehensive loss	—	(11,500)	13,251	1,646	3,397
Current-period other comprehensive income (loss) activity	5,369	10,670	831	(1,461)	15,409
Total other comprehensive income (loss)	5,369	(830)	14,082	185	18,806
Balance at September 28, 2024	$ (208,113)	$ (6,797)	$ (405,753)	$ 147,158	$ (473,505)

(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)
(amounts in thousands, except per share data)
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	Cumulative Translation Adjustment[1]	Cash Flow Hedges	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Loss
Balance at July 1, 2023	$ (236,672)	$ 5,605	$ (429,227)	$ 146,119	$ (514,175)
Amounts reclassified from accumulated other comprehensive loss	—	(1,818)	4,077	136	2,395
Current-period other comprehensive income (loss) activity	(53,517)	12,069	48	(1,917)	(43,317)
Total other comprehensive income (loss)	(53,517)	10,251	4,125	(1,781)	(40,922)
Balance at September 30, 2023	$ (290,189)	$ 15,856	$ (425,102)	$ 144,338	$ (555,097)

	Cumulative Translation Adjustment[1]	Cash Flow Hedges	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Loss
Balance at December 31, 2022	$ (228,803)	$ 8,709	$ (437,353)	$ 145,439	$ (512,008)
Amounts reclassified from accumulated other comprehensive loss	—	(7,887)	12,231	1,422	5,766
Current-period other comprehensive income (loss) activity	(61,386)	15,034	20	(2,523)	(48,855)
Total other comprehensive income (loss)	(61,386)	7,147	12,251	(1,101)	(43,089)
Balance at September 30, 2023	$ (290,189)	$ 15,856	$ (425,102)	$ 144,338	$ (555,097)

(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.

(amounts in thousands, except per share data)

The Company had the following reclassifications out of AOCI:

		Amount of Reclassification from AOCI into Net Income (Loss)			
		Quarters Ended		Nine Months Ended	
Component of AOCI	Location of Reclassification from AOCI	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Gain (loss) on forward foreign exchange contracts designated as cash flow hedges	Cost of sales	$ 906	$ 1,119	$ 2,876	$ 5,120
	Income tax	(298)	(446)	(898)	(1,799)
	Loss from discontinued operations, net of tax	532	(889)	1,270	(1,496)
	Net of tax	1,140	(216)	3,248	1,825
Gain on interest rate contracts designated as cash flow hedges	Interest expense, net	2,680	1,897	6,838	3,204
	Income tax	—	—	—	—
	Net of tax	2,680	1,897	6,838	3,204
Gain on cross-currency swap contracts designated as cash flow hedges	Selling, general and administrative expenses	—	—	—	973
	Interest expense, net	—	—	—	581
	Income tax	—	—	—	—
	Net of tax	—	—	—	1,554
Amortization of deferred actuarial loss and prior service cost and settlement cost	Other expenses	(3,863)	(4,077)	(13,251)	(12,231)
	Income tax	(4)	1	(232)	(118)
	Net of tax	(3,867)	(4,076)	(13,483)	(12,349)
Total reclassifications		$ (47)	$ (2,395)	$ (3,397)	$ (5,766)

(11) Financial Instruments and Risk Management

The Company uses forward foreign exchange contracts and has used cross-currency swap contracts to manage its exposures to movements in foreign exchange rates primarily related to the Australian dollar, Mexican peso, Canadian dollar and Japanese yen and uses interest rate contracts to manage its exposures to movements in interest rates. The Company has also used a combination of cross-currency swap contracts and long-term debt to manage its exposure to foreign currency risk associated with the Company's net investment in its European subsidiaries.

	Hedge Type	September 28, 2024	December 30, 2023
U.S. dollar equivalent notional amount of derivative instruments:			
Forward foreign exchange contracts	Cash Flow and Mark to Market	$ 202,055	$ 308,760
Interest rate contracts	Cash Flow	$ 900,000	$ 900,000

(amounts in thousands, except per share data)

Fair Values of Derivative Instruments

The fair values of derivative instruments related to forward foreign exchange contracts and interest rate contracts recognized in the Condensed Consolidated Balance Sheets of the Company were as follows:

		Fair Value	
	Balance Sheet Location	September 28, 2024	December 30, 2023
Derivatives designated as hedging instruments:			
Forward foreign exchange contracts	Other current assets	$ 346	$ 57
Interest rate contracts	Other current assets	601	23
Derivatives not designated as hedging instruments:			
Forward foreign exchange contracts	Other current assets	760	142
Total derivative assets		1,707	222
Derivatives designated as hedging instruments:			
Forward foreign exchange contracts	Accrued liabilities	(1,750)	(2,508)
Forward foreign exchange contracts	Other noncurrent liabilities	(260)	(290)
Interest rate contracts	Other noncurrent liabilities	(5,297)	(5,929)
Derivatives not designated as hedging instruments:			
Forward foreign exchange contracts	Accrued liabilities	(1,884)	(2,784)
Total derivative liabilities		(9,191)	(11,511)
Net derivative liability		$ (7,484)	$ (11,289)

Cash Flow Hedges

The Company uses forward foreign exchange contracts and has used cross-currency swap contracts to reduce the effect of fluctuating foreign currencies on 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 also uses interest rate contracts to reduce the effect of the variability in future interest payments on variable-rate debt to lock in certainty of future cash flows.

On April 1, 2021, in connection with a reduction in the amount of the 3.5% Senior Notes designated in the European net investment hedge discussed below, the Company entered into three pay-fixed rate, receive-fixed rate cross-currency swap contracts with a total notional amount of €300,000. The Company designated these cross-currency swap contracts to hedge the undesignated portion of the foreign currency cash flow exposure related to the Company’s 3.5% Senior Notes. These cross-currency swap contracts swapped Euro-denominated interest payments for U.S. dollar-denominated interest payments, thereby economically converting €300,000 of the Company’s €500,000 fixed-rate 3.5% Senior Notes to a fixed-rate 4.7945% USD-denominated obligation. In February 2023, in connection with the redemption of the 3.5% Senior Notes, the Company unwound these cross-currency swap contracts, which had an original maturity date of June 15, 2024. The Company paid $30,935 to settle the cross-currency swap contracts, which was reported in “Net cash from operating activities” in the Condensed Consolidated Statements of Cash Flows in the nine months ended September 30, 2023. The remaining gain in AOCI of $1,254 was released into earnings at the time of settlement and is recorded in the “Interest expense, net” line in the Condensed Consolidated Statements of Operations in the nine months ended September 30, 2023. The Company had no cross-currency swap contracts designated as cash flow hedges as of September 28, 2024 or December 30, 2023.

In March 2023, the Company entered into an interest rate contract with a total notional amount of $900,000, which amortizes down to $600,000 on March 31, 2025. The Company designated this interest rate contract, which matures on March 31, 2026, to hedge the variability in contractually specified interest rates above 50 basis points associated with future interest payments on a portion of the Company’s variable-rate term loans to lock in certainty of future cash flows.

The Company expects to reclassify into earnings during the next 12 months a net gain from AOCI of approximately $2,688. The Company is hedging exposure to the variability in future foreign currency-denominated cash flows for forecasted transactions over the next 18 months and the variability in future interest payments on debt over the next 18 months.

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Notes to Condensed Consolidated Financial Statements — (Continued)
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The effect of derivative instruments designated as cash flow hedges on the Condensed Consolidated Statements of Operations and AOCI is as follows:

	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments			
	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Forward foreign exchange contracts	$ (2,100)	$ 6,541	$ 3,200	$ 7,547
Interest rate contracts	(6,142)	5,528	7,470	10,352
Cross-currency swap contracts	—	—	—	(2,865)
Total	$ (8,242)	$ 12,069	$ 10,670	$ 15,034

		Amount of Gain (Loss) Reclassified from AOCI into Net Income (Loss)			
		Quarters Ended		Nine Months Ended	
	Location of Gain (Loss) Reclassified from AOCI	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Forward foreign exchange contracts[(1)]	Cost of sales	$ 906	$ 1,119	$ 2,876	$ 5,120
Forward foreign exchange contracts[(1)]	Loss from discontinued operations, net of tax	750	(1,198)	1,786	(1,991)
Interest rate contracts	Interest expense, net	2,680	1,897	6,838	3,204
Cross-currency swap contracts[(1)]	Selling, general and administrative expenses	—	—	—	973
Cross-currency swap contracts[(1)]	Interest expense, net	—	—	—	581
Total		$ 4,336	$ 1,818	$ 11,500	$ 7,887

(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.

The following table presents the amounts in the Condensed Consolidated Statements of Operations in which the effects of cash flow hedges are recorded:

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Cost of sales	$ 546,663	$ 611,513	$ 1,703,881	$ 1,891,375
Selling, general and administrative expenses	$ 287,442	$ 268,751	$ 927,851	$ 812,446
Interest expense, net	$ 48,606	$ 56,648	$ 149,511	$ 160,586
Loss from discontinued operations, net of tax	$ (2,428)	$ (32,822)	$ (172,775)	$ (30,246)

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 had an original maturity date of May 15, 2024, swapped 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.

(amounts in thousands, except per share data)

In July 2019, the Company also designated the full amount of its 3.5% Senior Notes with a carrying value of €500,000, which was a nonderivative financial instrument, as a hedge of a portion of the beginning balance of the Company's European net investment. As of April 1, 2021, the Company reduced the amount of its 3.5% Senior Notes designated in the European net investment hedge from €500,000 to €200,000. In February 2023, in connection with the redemption of the 3.5% Senior Notes, the Company de-designated the remainder of the 3.5% Senior Notes in the European net investment hedge and unwound these cross-currency swap contracts. The Company received $18,942 to settle the cross-currency swap contracts, which was reported in "Net cash from investing activities" in the Condensed Consolidated Statements of Cash Flows in the nine months ended September 30, 2023. There was a cumulative gain of $5,525 from the designated portion of the 3.5% Senior Notes and a cumulative gain of $19,001 from the cross-currency swap contracts that has remained in cumulative translation adjustment, a component of AOCI, until the net investment in the Company's EUR-functional subsidiaries is sold, liquidated, or substantially liquidated, which occurred upon completion of the sale of the global *Champion* business in the fourth quarter of 2024. The Company had no derivative or nonderivative financial instruments designated as net investment hedges as of September 28, 2024 or December 30, 2023.

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 are as follows:

	Amount of Gain (Loss) Recognized in AOCI			
	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Euro-denominated long-term debt	$ —	$ —	$ —	$ (469)
Cross-currency swap contracts	—	—	—	531
Total	$ —	$ —	$ —	$ 62

The effect of derivative instruments designated as net investment hedges on the Condensed Consolidated Statements of Operations are as follows:

		Amount of Gain (Loss) Reclassified from AOCI into Net Income (Loss)			
		Quarters Ended		Nine Months Ended	
	Location of Gain (Loss) Reclassified from AOCI	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Cross-currency swap contracts (amounts excluded from effectiveness testing)	Interest expense, net	$ —	$ —	$ —	$ 960

The following table presents the amounts in the Condensed Consolidated Statements of Operations in which the effects of net investment hedges are recorded:

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Interest expense, net (amounts excluded from effectiveness testing)	$ 48,606	$ 56,648	$ 149,511	$ 160,586

Mark to Market Hedges

Derivatives used in mark to market hedges are not designated as hedges under the accounting standards. The Company uses forward 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. Forward 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. 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.

(amounts in thousands, except per share data)

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

		Amount of Gain (Loss) Recognized in Net Income (Loss)			
		Quarters Ended		Nine Months Ended	
	Location of Gain (Loss)	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Forward foreign exchange contracts	Cost of sales	$ (1,811)	$ 69	$ (865)	$ (1,159)
Forward foreign exchange contracts	Selling, general and administrative expenses	—	—	—	222
Forward foreign exchange contracts	Loss from discontinued operations, net of tax	(2,021)	4,127	294	4,080
Total		$ (3,832)	$ 4,196	$ (571)	$ 3,143

(12) Fair Value of Assets and Liabilities

As of September 28, 2024 and December 30, 2023, 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, interest rate 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 interest rate derivative contracts are determined using the cash flows of the contracts, discount rates to account for the passage of time, current 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 plan liabilities 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 or disclosed on a quarterly recurring basis.

There were no changes during the quarter and nine months ended September 28, 2024 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 nine months ended September 28, 2024, the Company did not have any non-financial assets or liabilities that were required to be measured at fair value on a recurring basis or non-recurring basis.

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 September 28, 2024			
	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	$ 1,106	$ —	$ 1,106	$ —
Interest rate contracts - assets	601	—	601	—
Forward foreign exchange contracts - liabilities	(3,894)	—	(3,894)	—
Interest rate contracts - liabilities	(5,297)	—	(5,297)	—
Total derivative contracts	(7,484)	—	(7,484)	—
Deferred compensation plan liability	(12,825)	—	(12,825)	—
Total	$ (20,309)	$ —	$ (20,309)	$ —

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	Assets (Liabilities) at Fair Value as of December 30, 2023			
	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	$ 199	$ —	$ 199	$ —
Interest rate contracts - assets	23	—	23	—
Forward foreign exchange contracts - liabilities	(5,582)	—	(5,582)	—
Interest rate contracts - liabilities	(5,929)	—	(5,929)	—
Total derivative contracts	(11,289)	—	(11,289)	—
Deferred compensation plan liability	(16,001)	—	(16,001)	—
Total	$ (27,290)	$ —	$ (27,290)	$ —

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, trade accounts receivable and accounts payable approximated fair value as of September 28, 2024 and December 30, 2023. The carrying amount of trade accounts receivable included allowance for doubtful accounts, chargebacks and other deductions of $24,048 and $38,163 as of September 28, 2024 and December 30, 2023, respectively. The fair value of debt, which is classified as a Level 2 liability, was $3,350,820 and $3,259,299 as of September 28, 2024 and December 30, 2023, respectively. Debt had a carrying value of $3,301,250 and $3,336,750 as of September 28, 2024 and December 30, 2023, 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.

(13) Business Segment Information

The Company regularly monitors its reportable segments to determine if changes in facts and circumstances would indicate whether changes in the determination or aggregation of operating segments are necessary. In the second quarter of 2024, the Company announced that it reached an agreement to sell the global *Champion* business as discussed in Note "Assets and Liabilities of Businesses Held for Sale" and as a result, this business was reclassified as held for sale and reflected as discontinued operations for all periods presented. While the global *Champion* business was reflected within all reportable segments prior to its reclassification to discontinued operations, the U.S. *Champion* business made up the majority of the Company's former Activewear segment. Accordingly, the former Activewear segment has been eliminated and the segment information herein excludes the results of the global *Champion* business for all periods presented. As a result of the strategic shift and resulting reorganization, the chief executive officer, who is the Company's chief operating decision maker, began reviewing all U.S. innerwear and U.S. activewear operations together as one U.S. operating segment and the Company's operations are now managed and reported in two operating segments, each of which is a reportable segment for financial reporting purposes: U.S. and International. These changes have been applied to all periods presented. These segments are organized and managed principally by 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. Sheer Hosiery business prior to its sale on September 29, 2023, certain sales from its supply chain to the European Innerwear business which was sold on March 5, 2022, short term transition service agreements and support of disposed businesses. The Company's U.S.-based outlet store business was also reflected in Other prior to its reclassification to discontinued operations in the second quarter of 2024 as discussed in Note "Assets and Liabilities of Businesses Held for Sale". As a result of this reclassification, the results of the U.S.-based outlet store business are excluded from the segment information herein for all periods presented.

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

- U.S. primarily includes innerwear sales in the United States 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. This segment also includes other apparel sales in the United States of branded products that are primarily seasonal in nature to both retailers and wholesalers.
- International primarily includes sales of the Company's innerwear and other apparel products outside the United States, primarily in Australia, Asia, Latin America and Canada.

(amounts in thousands, except per share data)

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 30, 2023.

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales:				
U.S.	$ 678,345	$ 684,990	$ 1,962,390	$ 2,035,923
International	259,146	255,784	747,234	776,529
Other	(388)	20,520	1,085	67,876
Total net sales	$ 937,103	$ 961,294	$ 2,710,709	$ 2,880,328

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Segment operating profit:				
U.S.	$ 149,637	$ 105,579	$ 406,114	$ 297,340
International	36,893	24,570	87,933	68,815
Other	(1,989)	342	(1,438)	130
Total segment operating profit	184,541	130,491	492,609	366,285
Items not included in segment operating profit:				
General corporate expenses	(58,454)	(41,920)	(177,371)	(153,249)
Restructuring and other action-related charges	(19,168)	(2,710)	(223,392)	(22,414)
Amortization of intangibles	(3,921)	(4,831)	(12,869)	(14,115)
Total operating profit	102,998	81,030	78,977	176,507
Other expenses	(9,505)	(9,079)	(29,519)	(31,056)
Interest expense, net	(48,606)	(56,648)	(149,511)	(160,586)
Income (loss) from continuing operations before income taxes	$ 44,887	$ 15,303	$ (100,053)	$ (15,135)

The Company incurred restructuring and other action-related charges that were reported in the following lines in the Condensed Consolidated Statements of Operations:

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Cost of sales	$ 1,117	$ 1,529	$ 89,941	$ 3,281
Selling, general and administrative expenses	18,051	1,181	133,451	19,133
Total included in operating profit	19,168	2,710	223,392	22,414
Other expenses	—	—	—	8,350
Interest expense, net	—	—	—	(1,254)
Total included in income (loss) from continuing operations before income taxes	19,168	2,710	223,392	29,510
Income tax (expense) benefit	—	4,263	—	4,263
Total restructuring and other action-related charges included in income (loss) from continuing operations	$ 19,168	$ (1,553)	$ 223,392	$ 25,247

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The components of restructuring and other action-related charges were as follows:

	Quarters Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Restructuring and other action-related charges:				
Supply chain restructuring and consolidation	$ 10,710	$ 660	$ 169,624	$ 2,412
Corporate asset impairment charges	—	—	20,107	—
Headcount actions and related severance	(1,245)	2,531	17,853	4,420
Professional services	7,843	165	11,877	3,813
Technology	428	588	827	7,690
(Gain) loss on sale of business and classification of assets held for sale	—	(1,558)	—	3,641
Other	1,432	324	3,104	438
Total included in operating profit	19,168	2,710	223,392	22,414
Loss on extinguishment of debt included in other expenses	—	—	—	8,466
Gain on final settlement of cross currency swap contracts included in other expenses	—	—	—	(116)
Gain on final settlement of cross currency swap contracts included in interest expense, net	—	—	—	(1,254)
Total included in income (loss) from continuing operations before income taxes	19,168	2,710	223,392	29,510
Discrete tax benefit	—	4,263	—	4,263
Tax effect on actions	—	—	—	—
Total included in income tax (expense) benefit	—	4,263	—	4,263
Total restructuring and other action-related charges included in income (loss) from continuing operations	$ 19,168	$ (1,553)	$ 223,392	$ 25,247

As a result of and related to the sale of the global *Champion* business, which was completed subsequent to the Company's third quarter on September 30, 2024, and the completed exit of the U.S.-based outlet store business in July 2024, the Company began implementing significant restructuring and consolidation efforts within its supply chain network, both manufacturing and distribution, as well as corporate cost and headcount reductions to align the Company's network and improve its overall cost structure within continuing operations to drive stronger operating performance and margin expansion.

Restructuring and other action-related charges within operating profit were $19,168 and $2,710 in the quarters ended September 28, 2024 and September 30, 2023, respectively, and $223,392 and $22,414 in the nine months ended September 28, 2024 and September 30, 2023, respectively, as described in more detail below.

- Supply chain restructuring and consolidation charges in the quarter and nine months ended September 28, 2024 were $10,710 and $169,624, respectively, which primarily included charges of:
  - $1,117 and $79,510, respectively, reflected in the "Cost of Sales" line in the Condensed Consolidated Statements of Operations, primarily related to charges of $48,000 in the nine months ended September 28, 2024 to write down inventory as a result of further SKU rationalization efforts and $26,000 in the nine months ended September 28, 2024 for severance and related employee actions for impacted supply chain facilities; and
  - $9,593 and $90,114, respectively, reflected in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statements of Operations, primarily related to charges of:
    - $72,047 in the nine months ended September 28, 2024 for impairment of an owned facility that was classified as held for sale and a right of use asset for which the leased facility was not in operation,
    - $6,309 and $8,343 in the quarter and nine months ended September 28, 2024, respectively, for accelerated amortization of right of use assets for leased facilities that the Company expects to exit before the end of the contractual lease term, and

    ▪ $1,943 and $6,024 in the quarter and nine months ended September 28, 2024, respectively, for headcount actions and related severance related to restructuring and consolidation efforts within the Company's supply chain network.

- Supply chain restructuring and consolidation charges of $660 and $2,412 in the quarter and nine months ended September 30, 2023, respectively, represent supply chain segmentation to restructure and position the Company's distribution and manufacturing network to align with its demand trends.
- Corporate asset impairment charges in the nine months ended September 28, 2024 were $20,107, which included charges of $10,395, reflected in the "Cost of sales" line in the Condensed Consolidated Statements of Operations, primarily related to a contract termination and $9,712, reflected in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statements of Operations, primarily related to charges for impairment of the Company's headquarters location sold in the quarter ended September 28, 2024.
- The Company recognized a net gain of $1,245, primarily related to the reversal of accruals, in the quarter ended September 28, 2024 for headcount actions and related severance, compared to charges of $2,531 in the quarter ended September 30, 2023. Headcount actions and related severance charges were $17,853 and $4,420 in the nine months ended September 28, 2024 and September 30, 2023, respectively. Headcount actions and related severance resulting from operating model initiatives is primarily reflected in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statements of Operations.
- Charges related to professional services primarily including consulting and advisory services related to restructuring activities, which are reflected in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statements of Operations, were $7,843 and $11,877 in the quarter and nine months ended September 28, 2024, respectively, and $165 and $3,813 in the quarter and nine months ended September 30, 2023.
- Restructuring and other action-related charges in the quarter and nine months ended September 30, 2023 included a gain of $1,558 and a loss, net of proceeds, of $3,641, respectively, which are reflected in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statements of Operations, associated with the sale of the U.S. Sheer Hosiery business on September 29, 2023 and adjustments to the related valuation allowance prior to the sale primarily resulting from changes in carrying value due to changes in working capital. See Note "Assets and Liabilities of Businesses Held for Sale" for additional information regarding the U.S. Sheer Hosiery business.
- The remaining restructuring and other action-related charges within operating profit are primarily associated with technology charges, which relate to the implementation of the Company's technology modernization initiative including the implementation of a global enterprise resource planning platform, and other restructuring and action-related charges.

In the nine months ended September 30, 2023, the Company recorded a charge of $8,466 in restructuring and other action-related charges related to the redemption of its 4.625% Senior Notes and 3.5% Senior Notes. The charge, which is recorded in the "Other expenses" line in the Condensed Consolidated Statements of Operations, included a payment of $4,632 for a required make-whole premium related to the redemption of the 3.5% Senior Notes and a non-cash charge of $3,834 for the write-off of unamortized debt issuance costs related to the redemption of the 4.625% Senior Notes and the 3.5% Senior Notes. See Note "Debt" for additional information. Additionally, in the nine months ended September 30, 2023, in connection with the redemption of the 3.5% Senior Notes, the Company unwound the related cross-currency swap contracts previously designated as cash flow hedges and the remaining gain in AOCI of $1,254 was released into earnings at the time of settlement which is recorded in the "Interest expense, net" line in the Condensed Consolidated Statements of Operations. See Note "Financial Instruments and Risk Management" for additional information.

Restructuring and other action-related charges in the quarter and nine months ended September 30, 2023 included discrete tax benefits representing an adjustment to non-cash reserves established at December 31, 2022 related to deferred taxes established for Swiss statutory impairments, which are not indicative of the Company's core operations.

At December 30, 2023, the Company had an accrual of $10,890 for expected benefit payments related to actions taken in prior years. During the nine months ended September 28, 2024, the Company approved headcount actions and related severance to align its workforce and manufacturing and distribution network with its strategic initiatives resulting in charges of $74,681 for employee termination and other benefits for employees affected by the actions. The Company recorded $26,000 of these charges in the “Cost of sales” line, $23,005 in the “Selling, general and administrative expenses” line, and $25,676 in the “Loss from discontinued operations, net of tax” line in the Condensed Consolidated Statements of Operations in the nine months ended September 28, 2024. The charges related to continuing operations, which totaled $49,005 in the nine months ended September 28, 2024, are included in the “Supply chain restructuring and consolidation” and the “Headcount actions and related severance” lines in the restructuring and other action-related charges table above. During the nine months ended September 28, 2024, the Company made benefit payments and other adjustments of $19,178, resulting in an ending accrual of $66,393 which is included in the “Accrued liabilities” line of the Condensed Consolidated Balance Sheets at September 28, 2024.

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 consolidated interim financial statements and notes included herein should be read in conjunction with our audited consolidated financial statements and notes for the year ended December 30, 2023, which were included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for the full year or any other future periods, and our actual results may differ materially from those expressed in or implied by the forward-looking statements as a result of various factors, including but not limited to those listed under Part I, Item 1A. "Risk Factors" and included elsewhere in our Annual Report on Form 10-K for the year ended December 30, 2023. In particular, among others, statements with respect to trends associated with our business, our key business strategies, our expectations regarding liquidity and our ability to maintain compliance with the covenants in our Senior Secured Credit Facility (as defined below) and our future financial performance included in this MD&A are forward-looking statements.

Overview

Hanesbrands Inc. (collectively with its subsidiaries, "we," "us," "our," or the "Company") is a socially responsible global leader in branded everyday apparel in the Americas, Australia and Asia, under some of the world's strongest apparel brands, including *Hanes*, *Bonds*, *Bali*, *Maidenform*, *Bras N Things*, *Playtex, Wonderbra*, *Berlei*, *Comfortwash* and *JMS/Just My Size*. We primarily design, manufacture, source and sell a broad range of innerwear apparel, such as T-shirts, bras, panties, shapewear, underwear and socks, as well as other apparel products that are manufactured or sourced in our low-cost global supply chain. Our products are broadly distributed and available to consumers where, when and how they want to shop, including in mass merchants, mid-tier and department stores, specialty stores, company-owned retail stores as well as e-commerce sites, both retailer and company-owned websites. Our portfolio of leading brands is designed to address the needs and wants of various consumer segments across a broad range of basic apparel products and our brands have strong consumer positioning that helps distinguish them from competitors.

Our Key Business Strategies

Our business strategy integrates our brand superiority, industry-leading innovation and low-cost global supply chain to provide higher value products while lowering production costs. We operate primarily in the global innerwear apparel category, along with smaller operations within other apparel categories. These are stable, heavily branded categories where we have a strong consumer franchise based on a global portfolio of industry-leading brands that we have built over multiple decades, through hundreds of millions of direct interactions with consumers. Our business strategy is based on becoming a consumer-focused company that generates consistent growth and returns over time. We are focused to re-energize and reignite our Innerwear business by delivering consumer-driven innovation and attracting younger consumers; to become a more consumer-focused organization that delivers products consumers want; and, to simplify our business and our portfolio. The key enablers to unlock our growth opportunities include restructuring and consolidating our global supply chain, increasing revenue-generating investments in our brands, technology and people, as well as building a winning culture.

Over the last three years, we have experienced several unanticipated challenges, including significant cost inflation, market disruption and consumer-demand headwinds. Despite the challenging global operating environment, we have been able to balance the near-term management of the business with making the long-term investments necessary to execute our strategy and transform the Company. During this time, we have made meaningful progress on several of our strategic initiatives. We have pivoted our U.S. Innerwear business back to gaining market share, which has been driven by the launch of new product innovation, increased marketing investments in our brands and improved on-shelf product availability. We have simplified our portfolio by selling our European Innerwear and U.S. Sheer Hosiery businesses. We have also simplified our business by improving inventory management capabilities, including SKU reduction and disciplined lifecycle management, as well as globalizing our innerwear design and innovation processes. We have segmented our supply chain, which has reduced lead times, improved efficiencies and reduced costs and most recently, we have begun implementing a significant restructuring and consolidation initiative to further simplify and reduce cost within our supply chain and corporate functions within the continuing operations to drive stronger operating performance and margin expansion. We have also increased investments in brand marketing, technology, digital tools and talent. We remain highly confident that our strong brand portfolio, world-class supply chain and diverse category and geographic footprint will help us deliver long-term growth and create stockholder value over time.

In September 2023, we announced that our Board of Directors and executive leadership team, with the assistance of financial and legal advisors, were undertaking an evaluation of strategic alternatives for the global *Champion* business. As part of this process, the Board of Directors considered a broad range of alternatives to maximize shareholder value and also considered an evaluation of the strategic alternatives for the U.S.-based outlet store business impacted by the global *Champion* business. In the second quarter of 2024, we reached the decision to exit the global *Champion* business and our U.S.-based outlet store business. At that time, we announced that we had reached an agreement to sell the intellectual property and certain operating assets of the global *Champion* business to Authentic Brands Group LLC ("Authentic"). Pursuant to the agreement, as amended, we completed the sale of the intellectual property and certain operating assets of the global *Champion* business to Authentic subsequent to our third quarter on September 30, 2024 (the "Initial Closing") in exchange for gross cash proceeds of $857 million and a receivable of $12 million. In addition, we have the potential to receive additional contingent cash consideration of up to $300 million pursuant to the agreement. We will continue to provide certain transition services to Authentic pursuant to the terms of a Transition Services Agreement entered into among the Company, Authentic and the applicable service recipients and will continue to operate the *Champion* business in certain sectors and geographies through a transition period ending on January 31, 2025 (the "Deferred Business"). At the end of the transition period, Authentic will purchase from us certain remaining assets of the Deferred Business. The global *Champion* business sale transaction excluded the operating assets of the *Champion* business in Japan and we will continue to operate the *Champion* business in Japan as a licensee of Authentic pursuant to the terms of a license agreement entered into at the Initial Closing. We used net sale proceeds from the Initial Closing of $783 million, which excludes customary transaction costs and other deductions permitted under our senior secured credit facility (the "Senior Secured Credit Facility"), to pay down a portion of our outstanding term debt in October 2024.

In the second quarter of 2024, we began actively marketing our U.S.-based outlet store business to prospective buyers. In July 2024, we entered into a purchase agreement with Restore Capital (HCR Stores), LLC ("Restore"), an affiliate of Hilco Merchant Resources, LLC and completed the exit of our U.S.-based outlet store business. Under the purchase agreement, we agreed to pay Restore $12 million at closing and an additional $3 million in January 2025 and to provide certain inventory to Restore, in exchange for Restore agreeing to assume the operations and certain liabilities of our U.S.-based outlet store business. The agreement with Restore did not include the *Champion*-branded U.S. retail stores, which were addressed in accordance with the purchase agreement governing the sale of the global *Champion* business to Authentic, which was completed subsequent to our third quarter on September 30, 2024.

We determined that the exit of the global *Champion* and U.S.-based outlet store businesses represented multiple components of a single strategic plan that met held-for-sale and discontinued operations accounting criteria at the end of the second quarter of 2024. Accordingly, we began to separately report the results of the global *Champion* and U.S.-based outlet store businesses as discontinued operations in the Condensed Consolidated Statements of Operations and to present the related assets and liabilities as held for sale in the Condensed Consolidated Balance Sheets. These changes have been applied to all periods presented. Unless otherwise noted, discussion within this MD&A relates to continuing operations. See Note "Assets and Liabilities of Businesses Held for Sale" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information about discontinued operations.

As previously disclosed, we completed the sale of our U.S. Sheer Hosiery business on September 29, 2023. The operations of our U.S. Sheer Hosiery business were reported in Other for the third quarter and nine months of 2023 in Note "Business Segment Information" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q. See Note "Assets and Liabilities of Businesses Held for Sale" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information.

We seek to generate strong cash flow through effectively optimizing our capital structure and managing working capital levels. In January 2023, we shifted our capital allocation strategy to focus the use of all our free cash flow (cash from operations less capital expenditures) on reducing debt and bringing our leverage back to a range that is no greater than two to three times on a net debt-to-adjusted EBITDA basis. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization excluding restructuring and other action-related costs and certain other losses, charges and expenses. Net debt is defined as the total of current debt, long-term debt, and borrowings under the accounts receivable securitization facility (excluding long-term debt issuance costs) less other debt and cash adjustments and cash and cash equivalents.

Our Segments

In the second quarter of 2024, we realigned our segment reporting as a result of the pending sale of the global *Champion* business, which was completed subsequent to our third quarter on September 30, 2024, as discussed in Note "Assets and Liabilities of Businesses Held for Sale" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q. While the global *Champion* business was reflected within all reportable segments prior to its reclassification to discontinued operations, the U.S. *Champion* business made up the majority of our former Activewear segment. Accordingly, the former Activewear segment has been eliminated and the segment information herein excludes the results of the global *Champion* business for all periods presented. As a result of the strategic shift and resulting reorganization, the chief executive officer, who is our chief operating decision maker, began reviewing all U.S. innerwear and U.S. activewear operations together as one U.S. operating segment. As a result of these changes, our operations are now managed and reported in two operating segments, each of which is a reportable segment for financial reporting purposes: U.S. and International. These changes have been applied to all periods presented. These segments are organized and managed principally by 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. Sheer Hosiery business prior to its sale on September 29, 2023, certain sales from our supply chain to the European Innerwear business which was sold on March 5, 2022, short term transition service agreements and support of disposed businesses. Our U.S.-based outlet store business was also reflected in Other prior to its reclassification to discontinued operations in the second quarter of 2024 as discussed in Note "Assets and Liabilities of Businesses Held for Sale" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q. As a result of this reclassification, the results of the U.S.-based outlet store business are excluded from the segment information herein for all periods presented.

Goodwill and Indefinite-lived Intangible Assets

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 value. In connection with the annual impairment analysis, we perform a quantitative assessment utilizing an income approach to estimate the fair values of its reporting units and certain indefinite-lived intangible assets. The most significant assumptions used to estimate the fair values of the reporting units and certain indefinite-lived intangible assets include the weighted average cost of capital, revenue growth rate, terminal growth rate and operating profit margin.

During the quarter ended September 28, 2024, we completed our annual quantitative impairment analysis for each reporting unit and the respective goodwill balances. The analysis indicated that all reporting units had fair values that exceeded their carrying values by more than 20% at the time the analysis was performed.

We also completed our annual quantitative impairment analysis for certain indefinite-lived intangible assets during the quarter ended September 28, 2024. While the analysis indicated that those indefinite-lived intangible assets had fair values that exceeded their carrying values, we noted a meaningful decline in the fair value cushion above the carrying value for one of the indefinite-lived trademarks within the Australian business. The decline in this trademark was driven by continued macroeconomic pressures impacting consumer spending in Australia and resulted in a fair value that exceeded the carrying value by approximately 10% at the time the analysis was performed. As a result, this trademark was considered to be at a higher risk for future impairment if economic conditions worsen or earnings and operating cash flows do not recover as currently estimated by management. As of September 28, 2024, the carrying value of this trademark was approximately $239 million.

Although we determined that no impairment existed for our goodwill or indefinite-lived intangible assets as of September 28, 2024, these assets could be at risk for future impairment due to changes in our business or global economic conditions.

Ransomware Attack

As previously disclosed, on May 24, 2022, we identified that we had become subject to a ransomware attack that affected certain of our information technology systems. The incident was subsequently investigated and contained and there are no ongoing operational impacts on our ability to provide our products and services. We maintain insurance, including coverage for cyber-attacks, subject to certain deductibles and policy limitations, in an amount that we believe appropriate.

During the third quarter of 2023, we recognized a benefit related to business interruption insurance proceeds of approximately $18 million, of which $15 million was received during the third quarter of 2023. During the nine months of 2023, we recognized a benefit related to business interruption insurance proceeds of approximately $24 million, of which approximately $21 million was received during the nine months of 2023. The remaining receivable for the expected final payment was recognized in the "Other current assets" line in the Condensed Consolidated Balance Sheets at September 30, 2023 and was received in October 2023. The business interruption insurance proceeds received were primarily related to the recovery of lost profit from business interruptions. We recognized a benefit of approximately $18 million and $23 million, respectively, for the business interruption insurance proceeds in the "Cost of sales" line of the Condensed Consolidated Statements of Operations during the third quarter and nine months of 2023. We recognized a benefit of approximately $1 million for the reimbursement of costs related primarily to legal fees in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Operations during the nine months of 2023.

Impact of the Macroeconomic Pressures on Our Business

The global macroeconomic pressures continue to impact our business operations and financial results, as described in more detail under "Condensed Consolidated Results of Operations - Third Quarter Ended September 28, 2024 Compared with Third Quarter Ended September 30, 2023" and "Condensed Consolidated Results of Operations - Nine Months Ended September 28, 2024 Compared with Nine Months Ended September 30, 2023" below, primarily through consumer-demand headwinds and increased interest rates which has pressured sales and resulted in higher operating and financing costs causing pressure on net operating results. Despite the challenging global operating environment, we have been able to balance near term management of the business with implementing changes to execute our strategy to transform the Company. We have simplified the business by improving inventory management capabilities through continued SKU discipline and lifecycle management. Gross and operating margin pressures began to ease in the second half of 2023 and continued in 2024 as lower cost inventory was sold and we benefited from various cost savings initiatives. The future impact of the global macroeconomic pressures, including consumer demand headwinds and higher interest rates, remain highly uncertain, and our business and results of operations, including our net revenues, earnings and cash flows, could continue to be adversely impacted. The Federal Reserve cut the federal-funds rate in September 2024 and is expected to have further cuts in the fourth quarter of 2024. While these cuts could potentially have a favorable impact to consumer spending, we remain highly uncertain as the near term impact on interest rates is not yet known. See the related risk factors under Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 30, 2023.

Seasonality and Other Factors

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. Our diverse range of product offerings, however, typically mitigates some of the impact of seasonal changes in demand for certain items. Sales levels in any period are also impacted by our customers' decisions to increase or decrease their inventory levels of our categories in response to anticipated consumer demand or the overall inventory levels of their other product categories. 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.

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 of 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. 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.

Inflation can have a long-term impact on us because increasing costs of materials and labor may impact our ability to maintain satisfactory margins. For example, the cost of the materials that are used in our manufacturing process, such as oil-related commodity prices and other raw materials, including cotton, dyes and chemicals, and other costs, such as fuel, energy and utility costs, can fluctuate as a result of inflation and other factors. Disruptions to the global supply chain due to factory closures, port congestion, transportation delays as well as labor and container shortages may negatively impact product availability, revenue growth and gross margins. We would work to mitigate the impact of the global supply chain disruptions through a combination of cost savings and operating efficiencies, as well as pricing actions, which could have an adverse impact on demand. Costs incurred for materials and labor are capitalized into inventory and impact our results as the finished goods inventory is sold. In addition, a significant portion of our products are manufactured in countries other than the United States and declines in the value of the U.S. dollar may result in higher manufacturing costs. Increases in inflation may not be matched by growth in consumer income, which also could have a negative impact on spending.

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 basic apparel, 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 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.

Key Financial Results from the Third Quarter Ended September 28, 2024

Key financial results are as follows:

- Total net sales in the third quarter of 2024 were $937 million, compared with $961 million in the same period of 2023, representing a 3% decrease.
- Operating profit increased 27.1% to $103 million in the third quarter of 2024, compared with $81 million in the same period of 2023. As a percentage of sales, operating profit increased to 11.0% in the third quarter of 2024, compared to 8.4% in the same period of 2023.
- Diluted earnings per share from continuing operations was $0.09 in the third quarter of 2024 compared with diluted loss per share of $(0.02) in the same period of 2023.

Condensed Consolidated Results of Operations — Third Quarter Ended September 28, 2024 Compared with Third Quarter Ended September 30, 2023

	Quarters Ended			
	September 28, 2024	September 30, 2023	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 937,103	$ 961,294	$ (24,191)	(2.5)%
Cost of sales	546,663	611,513	(64,850)	(10.6)
Gross profit	390,440	349,781	40,659	11.6
Selling, general and administrative expenses	287,442	268,751	18,691	7.0
Operating profit	102,998	81,030	21,968	27.1
Other expenses	9,505	9,079	426	4.7
Interest expense, net	48,606	56,648	(8,042)	(14.2)
Income from continuing operations before income taxes	44,887	15,303	29,584	193.3
Income tax expense	12,508	21,280	(8,772)	(41.2)
Income (loss) from continuing operations	32,379	(5,977)	38,356	(641.7)
Loss from discontinued operations, net of tax	(2,428)	(32,822)	30,394	(92.6)
Net income (loss)	$ 29,951	$ (38,799)	$ 68,750	(177.2)%

Net Sales

Net sales decreased 3% during the third quarter of 2024 compared to the third quarter of 2023 primarily due to the divestiture of the U.S. Sheer Hosiery business on September 29, 2023 and the unfavorable impact from foreign currency exchange rates in our International business of approximately $7 million.

Operating Profit

Operating profit as a percentage of net sales was 11.0% during the third quarter of 2024, representing an increase from 8.4% in the third quarter of 2023. The operating margin improvement primarily resulted from approximately 565 basis points from the reduction in input costs, approximately 185 basis points from the savings realized from continued improvement in our supply chain and approximately 60 basis points from our product assortment management initiative. This was partially offset by an increase in restructuring and other action-related charges included in operating profit to $19 million in the third quarter of 2024 compared to $3 million in the third quarter of 2023, which resulted in an unfavorable impact to operating margin of approximately 415 basis points. In addition, the operating margin improvement was partially offset by approximately 150 basis points due to increased brand investments.

Other Highlights

Other Expenses – Other expenses increased slightly in the third quarter of 2024 compared to the third quarter of 2023 primarily due to higher pension expense partially offset by lower funding fees for sales of accounts receivable to financial institutions in the third quarter of 2024.

Interest Expense – Interest expense from continuing operations was $49 million and $57 million in the third quarters of 2024 and 2023, respectively, representing a decrease of approximately $8 million. The interest expense from continuing operations excludes $17 million in both of the third quarters of 2024 and 2023, which was allocated to discontinued operations due to the requirement to pay down a portion of our outstanding term debt under the Senior Secured Credit Facility with the net proceeds from the sale of the global *Champion* business. Combined interest expense from continuing and discontinued operations decreased $9 million in the third quarter of 2024 compared to the third quarter of 2023 primarily due to lower weighted average outstanding debt balances partially offset by a higher weighted average interest rate on our borrowings during the third quarter of 2024. Our combined weighted average interest rate, including the portion of interest expense that was allocated to discontinued operations, on our outstanding debt was 7.50% for the third quarter of 2024 compared to 7.45% for the third quarter of 2023.

Income Tax Expense – In the third quarter of 2024, income tax expense was $13 million, resulting in an effective income tax rate of 27.9% and in the third quarter of 2023, income tax expense was $21 million, resulting in an effective income tax rate of 139.1%. Our effective tax rates for the third quarters of 2024 and 2023 primarily differ from the U.S. statutory rate due to valuation allowances against certain net deferred tax assets. Additionally, we had unfavorable discrete items of $1 million in the third quarter of 2024 and favorable discrete items of $4 million in the third quarter of 2023.

Discontinued Operations – The results of our discontinued operations include the operations of our global *Champion* and U.S.-based outlet store businesses which we reached the decision to exit in the second quarter of 2024 as a result of our announcement that we reached an agreement to sell the global *Champion* business to Authentic. See Note “Assets and Liabilities of Businesses Held for Sale” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information related to discontinued operations.

Operating Results by Business Segment — Third Quarter Ended September 28, 2024 Compared with Third Quarter Ended September 30, 2023

	Net Sales			
	Quarters Ended			
	September 28, 2024	September 30, 2023	Higher (Lower)	Percent Change
	(dollars in thousands)			
U.S.	$ 678,345	$ 684,990	$ (6,645)	(1.0)%
International	259,146	255,784	3,362	1.3
Other	(388)	20,520	(20,908)	(101.9)
Total	$ 937,103	$ 961,294	$ (24,191)	(2.5)%

	Operating Profit and Margin					
	Quarters Ended					
	September 28, 2024		September 30, 2023		Higher (Lower)	Percent Change
	(dollars in thousands)					
U.S.	$ 149,637	*22.1 %*	$ 105,579	*15.4 %*	$ 44,058	41.7 %
International	36,893	*14.2*	24,570	*9.6*	12,323	50.2
Other	(1,989)	*512.6*	342	*1.7*	(2,331)	(681.6)
Corporate	(81,543)	*NM*	(49,461)	*NM*	(32,082)	64.9
Total	$ 102,998	*11.0 %*	$ 81,030	*8.4 %*	$ 21,968	27.1 %

U.S.

U.S. net sales decreased 1% compared to the third quarter of 2023 primarily due to softer point-of-sale trends stemming from the continued macroeconomic pressures in the U.S. segment.

U.S. operating margin was 22.1%, an increase from 15.4% in the third quarter of 2023. The operating margin improvement primarily resulted from approximately 670 basis points from the reduction in input costs and approximately 260 basis points from the savings realized from continued improvement in our supply chain partially offset by approximately 210 basis points of increased brand investments.

International

Net sales in the International segment increased 1% compared to the third quarter of 2023 due to growth in the Americas and Asia, partially offset by unfavorable foreign currency exchange rates. The unfavorable impact of foreign currency exchange rates decreased net sales by approximately $7 million in the third quarter of 2024. International net sales on a constant currency basis, defined as net sales excluding the impact of foreign currency, increased 4%. The impact of foreign currency exchange rates is calculated by applying prior period exchange rates to the current year financial results. We believe constant-currency information is useful to management and investors to facilitate comparison of operating results and better identify trends in our businesses.

International operating margin was 14.2%, an increase from 9.6% in the third quarter of 2023. The operating margin improvement primarily resulted from approximately 220 basis points from the reduction in input costs and approximately 320 basis points due to benefits from cost savings initiatives.

Other

Sales and operating results in the third quarter of 2024 primarily reflect short term transition service agreements and support of disposed businesses. Sales and operating results in the third quarter of 2023 primarily reflect the U.S. Sheer Hosiery business which was sold on September 29, 2023 and certain sales from our supply chain to the European Innerwear business which was sold on March 5, 2022.

Corporate

Corporate expenses included in operating profit were higher in the third quarter of 2024 compared to the third quarter of 2023 primarily due to higher restructuring and other action-related charges and the receipt of a portion of our business interruption insurance proceeds during the third quarter of 2023 related to the ransomware attack which occurred during the second quarter of 2022.

As a result of and related to the sale of the global *Champion* business, which was completed subsequent to our third quarter on September 30, 2024, and the completed exit of the U.S.-based outlet store business in July 2024, we began implementing significant restructuring and consolidation efforts within our supply chain network, both manufacturing and distribution, as well as corporate cost and headcount reductions to align our network and improve our overall cost structure within continuing operations to drive stronger operating performance and margin expansion.

Restructuring and other action-related charges within operating profit were $19 million and $3 million in the third quarters of 2024 and 2023, respectively, as described in more detail below.

- Supply chain restructuring and consolidation charges in the third quarter of 2024 were $11 million, which primarily included charges of $6 million for accelerated amortization of right of use assets for leased facilities that we expect to exit before the end of the contractual lease term and $2 million for headcount actions and related severance related to restructuring and consolidation efforts within our supply chain network.

- Charges related to professional services primarily including consulting and advisory services related to restructuring activities were $8 million in the third quarter of 2024.
- We recognized a net gain of $1 million, primarily related to the reversal of accruals, in the third quarter of 2024, compared to charges of $3 million in the third quarter of 2023 related to headcount actions and related severance resulting from operating model initiatives.
- Restructuring and other action-related charges in the third quarter of 2023 included a gain of $2 million associated with the sale of the U.S. Sheer Hosiery business on September 29, 2023 and adjustments to the related valuation allowance prior to the sale primarily resulting from changes in carrying value due to changes in working capital. See Note “Assets and Liabilities of Businesses Held for Sale” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information regarding the U.S. Sheer Hosiery business.
- The remaining restructuring and other action-related charges within operating profit are primarily associated with technology charges, which relate to the implementation of our technology modernization initiative including the implementation of a global enterprise resource planning platform, and other restructuring and action-related charges. Supply chain restructuring and consolidation charges in the third quarter of 2023 represent supply chain segmentation to restructure and position our distribution and manufacturing network to align with our demand trends.

Restructuring and other action-related charges in the third quarter of 2023 included discrete tax benefits representing an adjustment to non-cash reserves established at December 31, 2022 related to deferred taxes established for Swiss statutory impairments, which are not indicative of our core operations.

During the third quarter of 2023, we recognized a benefit related to business interruption insurance proceeds of approximately $18 million, of which $15 million was received in the third quarter of 2023. The business interruption insurance proceeds received were primarily related to the recovery of lost profit from business interruptions and are reflected in the “Cost of sales” line of the Condensed Consolidated Statements of Operations during the third quarter of 2023.

The components of restructuring and other action-related charges were as follows:

	Quarters Ended	
	September 28, 2024	September 30, 2023
	(dollars in thousands)	
Restructuring and other action-related charges:		
Supply chain restructuring and consolidation	$ 10,710	$ 660
Professional services	7,843	165
Headcount actions and related severance	(1,245)	2,531
Technology	428	588
Gain on sale of business and classification of assets held for sale	—	(1,558)
Other	1,432	324
Total included in operating profit	19,168	2,710
Discrete tax benefit	—	4,263
Tax effect on actions	—	—
Total included in income tax (expense) benefit	—	4,263
Total restructuring and other action-related charges included in income (loss) from continuing operations	$ 19,168	$ (1,553)

Condensed Consolidated Results of Operations — Nine Months Ended September 28, 2024 Compared with Nine Months Ended September 30, 2023

	Nine Months Ended September 28, 2024	Nine Months Ended September 30, 2023	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 2,710,709	$ 2,880,328	$ (169,619)	(5.9)%
Cost of sales	1,703,881	1,891,375	(187,494)	(9.9)
Gross profit	1,006,828	988,953	17,875	1.8
Selling, general and administrative expenses	927,851	812,446	115,405	14.2
Operating profit	78,977	176,507	(97,530)	(55.3)
Other expenses	29,519	31,056	(1,537)	(4.9)
Interest expense, net	149,511	160,586	(11,075)	(6.9)
Loss from continuing operations before income taxes	(100,053)	(15,135)	(84,918)	561.1
Income tax expense	34,723	50,286	(15,563)	(30.9)
Loss from continuing operations	(134,776)	(65,421)	(69,355)	106.0
Loss from discontinued operations, net of tax	(172,775)	(30,246)	(142,529)	471.2
Net loss	$ (307,551)	$ (95,667)	$ (211,884)	221.5 %

Net Sales

Net sales decreased 6% during the nine months of 2024 compared to the nine months of 2023 primarily due to the divestiture of the U.S. Sheer Hosiery business on September 29, 2023, a higher than anticipated level of inventory management actions by select retailers in the U.S. segment, the unfavorable impact from foreign currency exchange rates in our International business of approximately $38 million and the continued macro-driven slowdown impacting consumer spending across segments.

Operating Profit

Operating profit as a percentage of net sales was 2.9% during the nine months of 2024, representing a decrease from 6.1% in the nine months of 2023. The operating margin decline primarily resulted from an increase in restructuring and other action-related charges included in operating profit to $223 million in the nine months of 2024 from $22 million in the nine months of 2023, which resulted in a decline in operating margin of approximately 745 basis points. In addition, the operating margin decline resulted from approximately 155 basis points of increased brand investments partially offset by approximately 560 basis points from the reduction in input costs.

Other Highlights

Other Expenses – Other expenses decreased $2 million in the nine months of 2024 compared to the nine months of 2023 primarily due to recording charges of nearly $9 million as a result of the redemption of our 4.625% Senior Notes and our 3.5% Senior Notes in the first quarter of 2023. The charges included a payment of $5 million for a required make-whole premium related to the redemption of the 3.5% Senior Notes and non-cash charges of $4 million for the write-off of unamortized debt issuance costs. See Note “Debt” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information. This decrease in other expenses was partially offset by higher funding fees for sales of accounts receivable to financial institutions and higher pension expense in the nine months of 2024.

Interest Expense – Interest expense from continuing operations was $150 million and $161 million in the nine months of 2024 and 2023, respectively, representing a decrease of $11 million. The interest expense from continuing operations excludes $53 million and $48 million in the nine months of 2024 and 2023, respectively, which was allocated to discontinued operations due to the requirement to pay down a portion of outstanding term debt under the Senior Secured Credit Facility with the net proceeds from the sale of the global *Champion* business. Additionally, in conjunction with the redemption of the 3.5% Senior Notes described in “Other Expenses” above, we unwound the related cross-currency swap contracts previously designated as cash flow hedges and the remaining gain in AOCI of $1 million was released into earnings at the time of settlement which partially offset interest expense in the nine months of 2023. See Note “Financial Instruments and Risk Management” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information. Combined interest expense from continuing and discontinued operations decreased $9 million in the nine months of 2024 compared to the nine months of 2023 primarily due to lower weighted average outstanding debt balances partially offset by a higher weighted average interest rate on our borrowings during the nine months of 2024. Our combined weighted average interest rate, including the portion of interest expense that was allocated to discontinued operations, on our outstanding debt was 7.56% for the nine months of 2024 compared to 6.81% for the nine months of 2023.

Income Tax Expense – In the nine months of 2024, income tax expense was $35 million, resulting in an effective income tax rate of (34.7)% and in the nine months of 2023, income tax expense was $50 million, resulting in an effective income tax rate of (332.2)%. Our effective tax rates for the nine months of 2024 and the nine months of 2023 primarily differ from the U.S. statutory rate due to valuation allowances against certain net deferred tax assets. Additionally, we had minimal favorable discrete items in the nine months of 2024 and unfavorable discrete items of $4 million in the nine months of 2023.

Discontinued Operations – The results of our discontinued operations include the operations of our global *Champion* and U.S.-based outlet store businesses which we reached the decision to exit in the second quarter of 2024 as a result of our announcement that we reached an agreement to sell the global *Champion* business to Authentic. See Note "Assets and Liabilities of Businesses Held for Sale" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information related to discontinued operations.

Operating Results by Business Segment — Nine Months Ended September 28, 2024 Compared with Nine Months Ended September 30, 2023

	Net Sales			
	Nine Months Ended			
	September 28, 2024	September 30, 2023	Higher (Lower)	Percent Change
	(dollars in thousands)			
U.S.	$ 1,962,390	$ 2,035,923	$ (73,533)	(3.6)%
International	747,234	776,529	(29,295)	(3.8)
Other	1,085	67,876	(66,791)	(98.4)
Total	$ 2,710,709	$ 2,880,328	$ (169,619)	(5.9)%

	Operating Profit and Margin					
	Nine Months Ended					
	September 28, 2024		September 30, 2023		Higher (Lower)	Percent Change
	(dollars in thousands)					
U.S.	$ 406,114	*20.7 %*	$ 297,340	*14.6 %*	$ 108,774	36.6 %
International	87,933	*11.8*	68,815	*8.9*	19,118	27.8
Other	(1,438)	*(132.5)*	130	*0.2*	(1,568)	(1,206.2)
Corporate	(413,632)	*NM*	(189,778)	*NM*	(223,854)	118.0
Total	$ 78,977	*2.9 %*	$ 176,507	*6.1 %*	$ (97,530)	(55.3)%

U.S.

U.S. net sales decreased 4% compared to the nine months of 2023 primarily due to softer point-of-sale trends stemming from the continued macroeconomic pressures and higher than anticipated level of inventory management actions by select retailers.

U.S. operating margin was 20.7%, an increase from 14.6% in the nine months of 2023. The operating margin improvement primarily resulted from approximately 665 basis points from a reduction in input costs partially offset by approximately 210 basis points of increased brand investments.

International

Net sales in the International segment decreased 4% compared to the nine months of 2023 due to unfavorable foreign currency exchange rates and macroeconomic pressures impacting consumer sentiment in Australia, partially offset by growth in the Americas and Asia. The unfavorable impact of foreign currency exchange rates decreased net sales approximately $38 million in the nine months of 2024. International net sales on a constant currency basis, defined as net sales excluding the impact of foreign currency, increased 1%. The impact of foreign currency exchange rates is calculated by applying prior period exchange rates to the current year financial results. We believe constant-currency information is useful to management and investors to facilitate comparison of operating results and better identify trends in our businesses.

International operating margin was 11.8%, an increase from 8.9% in the nine months of 2023. The operating margin improvement primarily resulted from approximately 215 basis points from a reduction in input costs.

Other

Other net sales decreased in the nine months of 2024 compared to the nine months of 2023 primarily as a result of decreased hosiery sales as we completed the sale of our U.S. Sheer Hosiery business on September 29, 2023. Sales and operating results in the nine months of 2024 primarily reflect short term transition service agreements and support of disposed businesses.

Corporate

Corporate expenses included in operating profit were higher in the nine months of 2024 compared to the nine months of 2023 primarily due to higher restructuring and other action-related charges and the receipt of a portion of our business interruption insurance proceeds during the nine months of 2023 related to the ransomware attack which occurred during the second quarter of 2022.

As a result of and related to the sale of the global *Champion* business, which was completed subsequent to our third quarter on September 30, 2024, and the completed exit of the U.S.-based outlet store business in July 2024, we began implementing significant restructuring and consolidation efforts within our supply chain network, both manufacturing and distribution, as well as corporate cost and headcount reductions to align our network and improve our overall cost structure within continuing operations to drive stronger operating performance and margin expansion.

Restructuring and other action-related charges within operating profit were $223 million and $22 million in the nine months of 2024 and 2023, respectively, as described in more detail below.

- Supply chain restructuring and consolidation charges in the nine months of 2024 were $170 million, which primarily included charges of:
  - $80 million reflected in the “Cost of sales” line of the Condensed Consolidated Statements of Operations primarily related to charges of $48 million to write down inventory as a result of further SKU rationalization efforts and $26 million for severance and related employee actions for impacted supply chain facilities and
  - $90 million reflected in the “Selling, general and administrative expenses” line of the Condensed Consolidated Statements of Operations primarily related to charges of $72 million for impairment of an owned facility that was classified as held for sale and a right of use asset for which the leased facility was not in operation, $8 million for accelerated amortization of right of use assets for leased facilities that we expect to exit before the end of the contractual lease term and $6 million for headcount actions and related severance related to restructuring and consolidation efforts within our supply chain network.
- Corporate asset impairment charges in the nine months of 2024 were $20 million, which included charges of $10 million reflected in the “Cost of sales” line of the Condensed Consolidated Statements of Operations primarily related to a contract termination and $10 million reflected in the “Selling, general and administrative expenses” line of the Condensed Consolidated Statements of Operations primarily related to charges for impairment of our headquarters location sold in the nine months of 2024.
- Charges related to headcount actions and related severance resulting from operating model initiatives were $18 million and $4 million in the nine months of 2024 and 2023, respectively.
- Charges related to professional services primarily including consulting and advisory services related to restructuring activities were $12 million and $4 million in the nine months of 2024 and 2023, respectively.
- Restructuring and other action-related charges in the nine months of 2023 included a loss, net of proceeds, of $4 million associated with the sale of the U.S. Sheer Hosiery business on September 29, 2023 and adjustments to the related valuation allowance prior to the sale primarily resulting from changes in carrying value due to changes in working capital. See Note “Assets and Liabilities of Businesses Held for Sale” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information regarding the U.S. Sheer Hosiery business.
- The remaining restructuring and other action-related charges within operating profit are primarily associated with technology charges, which relate to the implementation of our technology modernization initiative including the implementation of a global enterprise resource planning platform and other restructuring and action-related charges. Supply chain restructuring and consolidation charges in the nine months of 2023 represent supply chain segmentation to restructure and position our distribution and manufacturing network to align with our demand trends.

Restructuring and other action-related charges in the nine months of 2023 included discrete tax benefits representing an adjustment to non-cash reserves established at December 31, 2022 related to deferred taxes established for Swiss statutory impairments, which are not indicative of our core operations.

During the nine months of 2023, we recognized a benefit related to business interruption insurance proceeds of approximately $24 million, of which approximately $21 million was received during the nine months of 2023. The business interruption insurance proceeds received were primarily related to the recovery of lost profit from business interruptions. We recognized a benefit of approximately $23 million for the business interruption insurance proceeds in the “Cost of sales” line of the Condensed Consolidated Statements of Operations during the nine months of 2023. We recognized a benefit of approximately $1 million for the reimbursement of costs related primarily to legal fees in the “Selling, general and administrative expenses” line of the Condensed Consolidated Statements of Operations during the nine months of 2023.

The components of restructuring and other action-related charges were as follows:

	Nine Months Ended	
	September 28, 2024	September 30, 2023
	(dollars in thousands)	
Restructuring and other action-related charges:		
Supply chain restructuring and consolidation	$ 169,624	$ 2,412
Corporate asset impairment charges	20,107	—
Headcount actions and related severance	17,853	4,420
Professional services	11,877	3,813
Technology	827	7,690
Loss on sale of business and classification of assets held for sale	—	3,641
Other	3,104	438
Total included in operating profit	223,392	22,414
Loss on extinguishment of debt included in other expenses	—	8,466
Gain on final settlement of cross currency swap contracts included in other expenses	—	(116)
Gain on final settlement of cross currency swap contracts included in interest expense, net	—	(1,254)
Total included in income (loss) from continuing operations before income taxes	223,392	29,510
Discrete tax benefit	—	4,263
Tax effect on actions	—	—
Total included in income tax (expense) benefit	—	4,263
Total restructuring and other action-related charges included in income (loss) from continuing operations	$ 223,392	$ 25,247

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. In January 2023, we shifted our capital allocation strategy to utilize our cash from operations for payments to our employees and vendors in the normal course of business and to reinvest in our business through capital expenditures. We then utilize our free cash flow (cash from operations less capital expenditures) to pay down debt to bring our leverage back to a range that is no greater than two to three times on a net debt-to-adjusted EBITDA basis.

Based on our current expectations and forecasts of future earnings and cash flows, we believe we have sufficient cash and available borrowings to support our operations and key business strategies for at least the next 12 months and we currently believe our cash flows and available borrowings, together with our access to the capital markets, are sufficient to support our longer term liquidity needs as well.

Our primary financing arrangements are our Senior Secured Credit Facility, our 9.000% senior notes due in 2031 (the “9.000% Senior Notes”), our 4.875% senior notes due in 2026 (the “4.875% Senior Notes”) and our accounts receivable securitization facility due in 2025 (the “ARS Facility”). The Senior Secured Credit Facility consists of a $1 billion revolving loan facility due in 2026 (the “Revolving Loan Facility”), a senior secured term loan A facility due in 2026 (the “Term Loan A”), and a senior secured term loan B facility due in 2030 (the “Term Loan B”).

Our primary sources of liquidity are cash generated from global operations and cash available under our Revolving Loan Facility, our ARS Facility and our other international credit facilities.

We had the following borrowing capacity and available liquidity under our credit facilities as of September 28, 2024:

	As of September 28, 2024	
	Borrowing Capacity	Available Liquidity
	(dollars in thousands)	
Senior Secured Credit Facility:		
Revolving Loan Facility[1]	$ 1,000,000	$ 996,743
Accounts Receivable Securitization Facility[2]	106,480	106,480
Other international credit facilities[3]	3,708	(5,358)
Total liquidity from credit facilities	$ 1,110,188	$ 1,097,865
Cash and cash equivalents		317,301
Total liquidity		$ 1,415,166

(1) A portion of the Revolving Loan Facility is available to be borrowed in Euros or Australian dollars. Available liquidity is reduced by standby and trade letters of credit issued and outstanding under this facility.
(2) Borrowing availability under the ARS Facility is subject to a quarterly fluctuating facility limit ranging from $200 million in the first and second quarters to $225 million in the third and fourth quarters 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.
(3) Available liquidity for other international credit facilities is reduced for any outstanding international letters of credit. The international letters of credit are not outstanding under any specific credit facility and do not reduce actual borrowing capacity under the specific credit facilities.

The following have impacted or may impact our liquidity:

- We have principal and interest obligations under our debt and ongoing financial covenants under those debt facilities.
- We used a combination of cash generated from operations and net proceeds from the sale of the global *Champion* business, which was completed subsequent to our third quarter on September 30, 2024, to pay down $868 million of our outstanding term debt in October 2024.
- The difficult global macroeconomic environment has had, and may continue to have, a negative impact on our business and the businesses of our customers.
- Our Board of Directors eliminated our quarterly cash dividend as we shifted our capital allocation strategy in January 2023 to pay down debt to bring our leverage back to a range that is no greater than two to three times on a net debt-to-adjusted EBITDA basis. 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 invested in global growth initiatives, as well as marketing and brand building.
- We previously launched a series of multi-year cost savings programs and recently began implementing significant restructuring and consolidation efforts within our supply chain network, both manufacturing and distribution, as well as corporate cost and headcount reductions within continuing operations to drive stronger operating performance and margin expansion.
- We expect capital expenditures of approximately $50 million in 2024, including capital expenditures of $40 million within investing cash flow activities and cloud computing arrangements of $10 million within operating cash flow activities.
- In the future, when it aligns with our capital allocation strategy and absent any covenant restrictions, we may pursue strategic business acquisitions.
- We have completed and may pursue strategic divestitures, such as the recently completed sales of our global *Champion* business on September 30, 2024 and the exit of our U.S.-based outlet store business in July 2024.
- We made required cash contributions of $10 million to our U.S. pension plans in the nine months of 2024 based on the preliminary calculation by our actuary. 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. We have not changed our reinvestment strategy from the prior year with regards to our unremitted foreign earnings and intend to remit foreign earnings totaling $802 million.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the nine months ended September 28, 2024 and September 30, 2023 was derived from our condensed consolidated interim financial statements.

	Nine Months Ended	
	September 28, 2024	September 30, 2023
	(dollars in thousands)	
Operating activities	$ 196,812	$ 287,344
Investing activities	(31,843)	(15,377)
Financing activities	(40,161)	(307,771)
Effect of changes in foreign exchange rates on cash	(3,398)	(11,518)
Change in cash and cash equivalents	121,410	(47,322)
Cash and cash equivalents at beginning of year	205,501	238,413
Cash and cash equivalents at end of period	$ 326,911	$ 191,091
Balances included in the Condensed Consolidated Balance Sheets:		
Cash and cash equivalents	$ 317,301	$ 172,787
Cash and cash equivalents included in current assets held for sale	9,610	18,304
Cash and cash equivalents at end of period	$ 326,911	$ 191,091

Operating Activities

Our overall liquidity has historically been driven by our cash flow provided by operating activities, which is dependent on net operating results and changes in our working capital. Cash from operating activities decreased from prior year as we experienced significant reductions in working capital in the nine months of 2023. In the nine months of 2024, cash from operations was driven by margin expansion and continued discipline managing working capital.

Investing Activities

The increase in net cash used by investing activities in the nine months of 2024 compared to the nine months of 2023 was primarily the result of the final settlement of the cross currency swap contracts previously designated as net investment hedges in connection with the redemption of 3.5% Senior Notes, which resulted in a $19 million cash inflow in the nine months of 2023, and the exit of our U.S.-based outlet store business in July 2024 which resulted in a cash payment of $12 million in the nine months of 2024. This was partially offset by proceeds from the sale of assets of $12 million in the nine months of 2024.

Financing Activities

Net cash used by financing activities of $40 million in the nine months of 2024 primarily resulted from net repayments on borrowings including total scheduled repayments on the Term Loan A and the Term Loan B of $30 million and net repayments on our ARS Facility. Net cash used by financing activities of $308 million in the nine months of 2023 primarily resulted from a combination of refinancing our debt structure and net repayments on borrowings of $276 million on our debt facilities and payments of $28 million to refinance our debt structure to provide greater near-term financial flexibility given the uncertainty within the macroeconomic environment, which included a required make-whole premium of $5 million and total capitalized debt issuance costs of $23 million. See Note “Debt” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information.

Financing Arrangements

In May 2024, we amended the ARS Facility. This amendment extended the maturity date to May 2025 with no change to the quarterly fluctuating facility limit, which was $225 million as of September 28, 2024. Additionally, the amendment removed the two pricing tiers that were added in the previous amendment, reverting back to a single tier pricing structure. See Note “Debt” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information.

We believe our financing structure provides a secure base to support our operations and key business strategies. As of September 28, 2024, we were in compliance with all financial covenants under our credit facilities and other outstanding indebtedness. Under the terms of the Senior Secured Credit Facility, among other financial and non-financial covenants, we are required to maintain a minimum interest coverage ratio and a maximum total debt to EBITDA (earnings before interest, income taxes, depreciation expense and amortization, as computed pursuant to the Senior Secured Credit Facility), or leverage ratio, each of which is defined in the Senior Secured Credit Facility. The method of calculating all of the components used in the covenants is included in the Senior Secured Credit Facility.

We expect to maintain compliance with our covenants, as amended, for at least 12 months from the issuance of these financial statements based on our current expectations and forecasts, however economic conditions or the occurrence of events discussed under Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 30, 2023 or other SEC filings could cause noncompliance. If economic conditions worsen or our earnings do not recover as currently estimated by management, this could impact our ability to maintain compliance with our amended financial covenants and require us to seek additional amendments to the 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.

For further details regarding our liquidity from our available cash balances and credit facilities see "Cash Requirements and Trends and Uncertainties Affecting Liquidity" above.

Critical Accounting Policies and Estimates

We have chosen accounting policies that we believe are appropriate to 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 consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 30, 2023.

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 consolidated 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 30, 2023. 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 30, 2023.

Recently Issued Accounting Pronouncements

For a summary of recently issued accounting pronouncements, see Note "Recent Accounting Pronouncements" to our condensed consolidated interim 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 30, 2023.

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 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 Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 28, 2024.

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 Chief Financial Officer, concluded that no 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*

We are named in a putative class action in connection with the previously disclosed ransomware incident, entitled *Toussaint et al. v. HanesBrands,*[sic] *Inc.* This lawsuit was filed on April 27, 2023 and is pending in the United States District Court for the Middle District of North Carolina, and follows the consolidation of two previously pending lawsuits, entitled *Roman v. Hanes Brands,* [sic] *Inc.*, filed October 7, 2022, and *Toussaint v. HanesBrands,*[sic] *Inc*., filed October 14, 2022. The lawsuit alleges, among other things, negligence, negligence per se, breach of implied contract, invasion of privacy, unjust enrichment, breach of implied covenant of good faith and fair dealing and unfair business practices under the California Business and Professions Code. The pending lawsuit seeks, among other things, monetary and injunctive relief. On April 2, 2024, the plaintiffs filed a motion for preliminary approval of a class action settlement. If approved by the Court, the settlement generally provides for class members to claim reimbursement for documented out-of-pocket losses related to the ransomware incident (limited to an aggregate cap of $100,000), as well as a choice of one of the following three forms of additional relief (with no aggregate cap): (1) two years of credit and identity monitoring services; (2) a one-time use credit for purchase of products on the *www.hanes.com* website; or (3) a cash payment. We have also agreed to undertake certain injunctive relief, and to pay an agreed upon amount of attorneys' fees, costs, and service awards to the plaintiffs, if approved by the Court. On November 5, 2024, the Court entered an order granting preliminary approval of the settlement. The Court has scheduled the final approval hearing for March 10, 2025. We do not expect this settlement, if finally approved, to have a material adverse effect on our consolidated financial position or results of operations. We currently anticipate the cost of the proposed settlement to be between $1 million and $2 million.

We are also subject to various claims and legal actions that occur from time to time in the ordinary course of our business. However, 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 are discussed in Part I, Item 1A., of our Annual Report on Form 10-K for the fiscal year ended December 30, 2023. 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. Additional risks and uncertainties not presently known to us or that we currently deem to be immaterial also may affect us. The occurrence of any of these known or unknown risks could have a material adverse ultimate impact on our business, financial condition, liquidity or results of operations.

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 of our directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarter ended September 28, 2024.

Item 6. ***Exhibits***

Exhibit Number	Description
2.1	Stock and Asset Purchase Agreement, dated as of June 4, 2024, by and among Hanesbrands Inc., ABG-Sparrow IPCo LLC, and, solely for purposes of Section 11.17, Authentic Brands Group LLC (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 June 6, 2024).*
2.2	First Amendment to Stock and Asset Purchase Agreement, dated as of September 25, 2024, between Hanesbrands Inc. and ABG-Champion LLC (f/k/a ABG-Sparrow IPCo LLC).
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., as amended on September 29, 2022 (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 30, 2022).
31.1	Certification of Stephen B. Bratspies, Chief Executive Officer.
31.2	Certification of M. Scott Lewis, Chief Financial Officer.
32.1	Section 1350 Certification of Stephen B. Bratspies, Chief Executive Officer.
32.2	Section 1350 Certification of M. Scott Lewis, Chief Financial Officer.
101.INS XBRL	Inline 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	Inline Taxonomy Extension Schema Document
101.CAL XBRL	Inline Taxonomy Extension Calculation Linkbase Document
101.LAB XBRL	Inline Taxonomy Extension Label Linkbase Document
101.PRE XBRL	Inline Taxonomy Extension Presentation Linkbase Document
101.DEF XBRL	Inline Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document and included in Exhibit 101)

* Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally to the U.S. Securities and Exchange Commission a copy of any omitted schedule or exhibit upon request.

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
Chief Financial Officer and Chief Accounting Officer
(Duly authorized officer, principal financial officer and principal accounting officer)

Date: November 7, 2024

[EXECUTION VERSION]

FIRST AMENDMENT TO STOCK AND ASSET PURCHASE AGREEMENT

This First Amendment to Stock and Asset Purchase Agreement (this "Amendment") is entered into effective as of September 25, 2024 (the "Effective Date"), by and among Hanesbrands Inc., a Maryland corporation ("Seller"), ABG-Champion LLC (f/k/a ABG-Sparrow IPCo LLC), a Delaware limited liability company ("ABG Purchaser"), and other Persons who may become party to the Purchase Agreement (as defined below). Each of the parties named above may be referred to as a "Party" and collectively as the "Parties."

RECITALS

A. The Parties entered into that certain Stock and Asset Purchase Agreement dated as of June 4, 2024 (as amended, restated or otherwise modified from time to time, the "Purchase Agreement") by and among Seller, ABG Purchaser, the other Persons who may become party to the Purchase Agreement following June 4, 2024 by execution of a Joinder and, solely for purposes of Section 11.17 of the Purchase Agreement, Authentic Brands Group LLC, a Delaware limited liability company. Capitalized terms used but not otherwise defined herein shall have the meanings respectively ascribed to such terms in the Purchase Agreement.

B. The Parties desire to amend the Purchase Agreement as set forth herein.

C. Section 11.04 of the Purchase Agreement permits the amendment of the Purchase Agreement pursuant to a written agreement executed by each of ABG Purchaser and Seller.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Amendments to the Purchase Agreement. Effective as of the Effective Date, the Purchase Agreement is hereby amended as follows:

    1.1. Section 1.02(a) to the Purchase Agreement shall be amended and restated in its entirety as follows:

    (a) The closing of the purchase and sale of the Purchased Assets and Acquired Shares other than the Deferred Business Purchased Assets (the "Initial Closing") shall be held at the offices of Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, at 10:00 a.m., or remotely via the electronic exchange of documents and signatures, on the first Business Day immediately following the Seller Accounting Month End that immediately follows the date that all conditions set forth in Article VII are satisfied (or, to the extent permitted by applicable Law, waived) (other than those conditions that, by their terms or nature, are to be satisfied by delivery of documents or are otherwise to be satisfied by actions taken at the Initial Closing and that would be so satisfied, but subject to the satisfaction (or, to the extent permitted by applicable Law, written waiver) of such conditions at the Initial Closing), or at such other place, time and date as shall be mutually agreed in writing between ABG, Purchaser and Seller; provided that notwithstanding the foregoing, the Initial Closing shall not occur prior to August 30, 2024 without the prior written consent of ABG Purchaser. The date on which the Initial Closing takes place is referred to in this Agreement as (the "Initial Closing Date"). For the avoidance of doubt, the "Measurement Time" shall be 12:01 a.m. on September 29, 2024.

1.2. Section 1.03 to the Purchase Agreement shall be amended and restated in its entirety as follows:

SECTION 1.03 Estimated Statement. No later than five (5) Business Days prior to the anticipated Initial Closing Date, Seller shall deliver to ABG Purchaser a written statement setting forth its good faith estimate of each of the following, in each case, determined and calculated in accordance with the Accounting Principles and the applicable definitions set forth herein: (i) the aggregate amount of all Cash of each member of the Acquired Group to be transferred at the Initial Closing to the extent included in Purchased Assets, calculated as of the Measurement Time (but giving effect to any cash dividends and distributions following the Measurement Time and prior to the Initial Closing Date), (ii) Indebtedness of each member of the Acquired Group to be transferred at the Initial Closing or otherwise included in Assumed Liabilities to be transferred at the Initial Closing, calculated as of immediately prior to the Initial Closing, (iii) Working Capital of the Business to be transferred at the Initial Closing, calculated as of the Measurement Time and (iv) Unpaid Company Transaction Expenses of each member of the Acquired Group transferred at the Initial Closing, together with a calculation of the Closing Date Purchase Price based on such amounts, in each case, determined and calculated in accordance with the Accounting Principles and the applicable definitions set forth herein, together with reasonable supporting detail therefor (the "Estimated Statement"); provided, however, that with respect to the foregoing clauses (i)-(iv), such items shall be prepared separately for the Sports Apparel Business, on the one hand, and the remainder of the Business to be transferred at the Initial Closing, on the other hand. Following delivery of the Estimated Statement, Seller shall, upon the written request of ABG Purchaser, promptly make financial records of Seller and its Affiliates to the extent reasonably related to the preparation of, or otherwise reasonably related to, the Estimated Statement available to ABG Purchaser and its Representatives in connection therewith (subject to the execution of customary work access letters if required by applicable accountants). ABG Purchaser shall have the opportunity to comment on and request reasonable changes to the foregoing estimates and calculations set forth in the Estimated Statement, and Seller shall consider in good faith any comments made by ABG Purchaser with respect to the calculations set forth in the Estimated Statement and, to the extent Seller agrees to any such comments, incorporate the same into the Estimated Statement; provided that, for the avoidance of doubt, absent manifest error, Seller shall have no obligation to agree to or incorporate any such comments into the Estimated Statement and in no event shall any review, comment or request on or in respect of the Estimated Statement by Purchaser, or any dispute related thereto, prevent or delay the Initial Closing.

1.3. Section 1.04(a) to the Purchase Agreement shall be amended and restated in its entirety as follows:

(a) As soon as reasonably practicable following the Initial Closing Date, and, in any event, no later than two hundred ten (210) days thereafter, ABG Purchaser shall prepare and deliver to Seller a statement (the "Statement") setting forth, in each case, ABG Purchaser's good faith calculation of (A) Cash of each member of the Acquired Group transferred at the Initial Closing to the extent included in Purchased Assets, calculated as of the Measurement Time (but giving effect to any cash dividends and distributions following the Measurement Time and prior to the Initial Closing Date), (B) Indebtedness of each member of the Acquired Groups transferred at the Initial Closing or otherwise included in Assumed Liabilities to be assumed at the Initial Closing as of immediately prior to the Initial Closing, (C) Working Capital of the Business to be transferred at the Initial Closing as of the Measurement Time and (D) Unpaid Company Transaction Expenses of each member of the Acquired Group that is transferring at the Initial Closing, together with a calculation of the Purchase Price based on such amounts and reasonable supporting detail, based on the books and records of the Business and determined and calculated in accordance with the Accounting Principles, the applicable definitions set forth herein and without taking into account (x) any changes in assets or liabilities as a result of purchase accounting adjustments or other changes arising from or resulting from the Transactions (other than the Pre-Closing Restructuring Transactions), (y) any actions taken at the express direction of a Purchaser before the Measurement Time outside of the ordinary course of business or (z) any change, circumstance, act, decision, fact or development occurring after the Initial Closing for purposes of establishing or altering a reserve or otherwise except in the ordinary course of business; provided, however, that with respect to the foregoing clauses (A)-(D), such items shall be prepared separately for the Sports Apparel Business, on the one hand, and the remainder of the Business to be transferred at the Initial Closing, on the other hand. Nothing in this Section 1.04 is intended to be used to adjust for errors or omissions that may be found with respect to the Financial Statements or any inconsistencies between the Accounting Principles, on the one hand, and GAAP, on the other hand. If ABG Purchaser fails to timely deliver or cause to be delivered a Statement in accordance with this Section 1.04(a), then the Estimated Statement shall be deemed to be the Statement and Seller may deliver a Notice of Disagreement with respect thereto in accordance with Section 1.04(b).

1.4. The following shall be added as Section 2.07(q):

(q) As of the Initial Closing, there are no Contracts or other arrangements (including, for the avoidance of doubt, intercompany loans, license agreements, and management agreements) (i) between Seller or any of its Affiliates (other than any member of the Acquired Group), on the one hand, and any member of the Acquired Group, on the other hand and (ii) between any member of the Acquired Group, on the one hand, and any other member of the Acquired Group, on the other hand, in each case, other than External Intercompany Arrangements and the Internal Intercompany Arrangements.

1.5. Section 4.04 to the Purchase Agreement shall be amended and restated in its entirety as follows:

Section 4.04 Intercompany Arrangements and Cash Repatriation.

(a) Section 4.04(a) of the Disclosure Schedule sets forth a true and complete list of the parties to all Contracts and other arrangements (including, for the avoidance of doubt, intercompany loans, license agreements, and management agreements)

(i) between Seller or any of its Affiliates (other than any member of the Acquired Group), on the one hand, and any member of the Acquired Group, on the other hand, that were entered into prior to the Applicable Closing (the "External Intercompany Arrangements") and (ii) between any member of the Acquired Group, on the one hand, and any other member of the Acquired Group, on the other hand (the "Internal Intercompany Arrangements"), in each case that are outstanding as of the date hereof.

(b) Seller and each of the Purchasers acknowledges and agrees that upon and effective as of the Initial Closing, all External Intercompany Arrangements shall be terminated in full, as further described in this Section 4.04.

(c) On or prior to the Initial Closing, Seller shall cause the repayment, termination or other final resolution of all outstanding balances existing under the External Intercompany Arrangements and the Internal Intercompany Arrangements as of the Seller Accounting Month End for the period immediately prior to the period in which Initial Closing occurs (the "Initial Intercompany Settlements") pursuant to a mutually agreed steps plan setting forth, among other things, the actions contemplated to consummate the Initial Intercompany Settlements (the "Intercompany Arrangements Steps Plan").

(d) On or prior to the Initial Closing, Seller shall cause the repayment, termination or other final resolution of all estimated outstanding balances existing under the External Intercompany Arrangements and the Internal Intercompany Arrangements as of the Initial Closing in accordance with a good faith estimate of such balances (and all such arrangements shall be reflected as having a $0 balance in the Estimated Statement). If, following the Initial Closing, it is determined that a net balance is owing under any External Intercompany Arrangement or any Internal Intercompany Arrangement, in each case, taking into account the payments described in the prior sentence, such balance shall remain outstanding until settled in full. Not later than ten (10) days after the Initial Closing, Seller shall provide ABG Purchaser such actual net balances existing under the External Intercompany Arrangements and the Internal Intercompany Arrangements as of the Measurement Time, and Seller and ABG Purchaser shall cause the settlement of such net balances promptly thereafter in accordance with the terms of the applicable External Intercompany Arrangements and (at the discretion of the ABG Purchaser) the Internal Intercompany Arrangements. Any amounts paid pursuant to the prior sentence with respect to an External Intercompany Arrangement (including interest that accrued thereon after the Applicable Closing) shall be reflected as a current asset or a current liability, as applicable, in the final determination of Working Capital pursuant to Section 1.04.

(e) Seller shall reimburse the ABG Purchaser for all documented out-of-pocket expenses and any cash Taxes (in the case of repayment, termination or final resolution occurring after the determination of Final Purchase Price, solely to the extent that such Taxes were not taken into account as an increase to Restricted Cash, as finally determined) actually incurred by ABG Purchaser, any Purchaser Designee or its or their respective Affiliates (including the members of the

Acquired Group) to the extent directly resulting from the repayment, termination or other final resolution of such Internal Intercompany Arrangements (as in effect as of the Initial Closing) to the extent (i) with respect to the Internal Intercompany Arrangements as set forth on Section 4.04(a) of the Disclosure Schedule, ABG Purchaser, such Purchaser Designee or such Affiliate elects to repay, terminate or otherwise finally resolve any such net balances in respect of the Internal Intercompany Arrangements prior to 90 days following the Initial Closing and (ii) with respect to any Internal Intercompany Arrangements not set forth on Section 4.04(a) of the Disclosure Schedule, ABG Purchaser, such Purchaser Designee or such Affiliate within a reasonable period of time following the identification of such arrangements, elects to repay, terminate or otherwise finally resolve any such net balances in respect of the Internal Intercompany Arrangements. The ABG Purchaser or such other Purchaser shall consult with Seller in good faith prior to repaying, terminating or other resolving any such Internal Intercompany Arrangement.

(f) The resolution (including the payment of any post-closing interest) of any External Intercompany Arrangements or Internal Intercompany Arrangements pursuant to Section 4.04(d) or (e) shall not be taken into consideration in the determination of Cash (except as described in the proviso below), Minimum Cash Amounts or Maximum Cash Amounts; provided, that, without duplication of any amounts reimbursed by Seller pursuant to Section 4.04(e), such resolution shall be taken into account in determining the fees, costs and expenses (including Taxes) described in clause (d) of the definition of "Restricted Cash" as though such resolution occurred as of immediately prior of the Initial Closing.

(g) If, as of the Initial Closing, either the Irish Company or Champion Deutschland GmbH holds cash that constitutes "Restricted Cash" pursuant to clause (a) of the definition thereof (such cash, the "Trapped Cash"), the ABG Purchaser shall use commercially reasonable efforts to cause the transfer of such Trapped Cash (through distributions and/or contributions, as applicable) to ABG-Champion AcquireCo S.r.l. (the "Italy Purchaser") reasonably promptly following the Initial Closing and, in any event, prior to the date on which ABG Purchaser elects to transfer or sell the European Business to any operating partner of ABG Purchaser (the "Trapped Cash Transfers"). Promptly following the Trapped Cash Transfers, the Italy Purchaser shall transfer to HBI Holdings Switzerland GmbH, as additional consideration for the Italy Company, all Trapped Cash received by the Italy Purchaser pursuant to the prior sentence, less any documented and reasonable out-of-pocket fees, costs and expenses (including cash Taxes) incurred by the ABG Purchaser or the Italy Purchaser and its Affiliates (including the members of the Acquired Group) to the extent attributable to the Trapped Cash Transfers. The ABG Purchaser shall consult with the Seller in good faith prior to consummating the Trapped Cash Transfers. For the avoidance of doubt, the ABG Purchaser shall not be required to transfer any of the Trapped Cash to the extent that such transfer could jeopardize (or materially increase the costs incurred in connection with) the transfer of the Intellectual Property held by the Irish Company after the Initial Closing.

(h) To the extent that the Italy Company or any of its Subsidiaries accrue any store receipts or credit card receivables prior to the Measurement Time that cause the amount of Cash held by Italy Company and its Subsidiaries to exceed the applicable Maximum Cash Amount (the amount of such excess, the "Excess Store and Credit Card Receivables"), such Excess Store and Credit Card Receivables will be treated as Cash for purposes of calculating the Purchase Price notwithstanding that Cash will exceed the applicable Maximum Cash Amount; provided, however, that, solely for the purposes of determining the Closing Date Purchase Price, such Excess Store and Credit Card Receivables shall be treated as Cash and subject to the applicable Maximum Cash Amount.

1.6. The below paragraph in Exhibit G (JOINDER TO STOCK AND ASSET PURCHASE AGREEMENT) shall be amended and restated in its entirety as follows:

This Agreement shall be subject to the provisions set forth, mutatis mutandis, in Sections 11.01 (Assignment), 11.02 (No Third-Party Beneficiaries), 11.04 (Amendments; Waivers), 11.05 (Notices), and 11.08 (Counterparts) through 11.14 (Governing Law) of the Purchase Agreement. Notwithstanding the foregoing, the Joining Party (i) shall be deemed a party to the Purchase Agreement as a "Purchaser" thereunder for purposes of all covenants and other agreements thereunder only to the extent they are applicable to the Joining Party's obligations as a Purchaser Designee of ABG Purchaser for the portion of the Business such Joining Party acquires and (ii) shall be entitled to enforce the terms of the Purchase Agreement only with respect to such portion of the Business that such Joining Party acquires, in each case as set forth on the Purchaser Designation Annex.

1.7. Section 4.12 to the Purchase Agreement shall be amended and restated in its entirety as follows:

Intellectual Property Sale. Notwithstanding anything to the contrary in this Agreement, at the Initial Closing but immediately prior to the other transactions occurring at the Initial Closing, (a) (i) Champion Europe S.r.l. shall sell, transfer, convey, assign and deliver to ABG Purchaser, free and clear of any Liens (other than Permitted Liens), all of Champion Europe S.r.l.'s right, title and interest in, to and under the Intellectual Property held by Champion Europe S.r.l., and in exchange therefor, subject to Section 1.06, ABG Purchaser or a Purchaser Designee of ABG Purchaser shall pay or cause to be paid to Champion Europe S.r.l. $1,000,000 in cash (such amount, the "Italy IP Purchase Price" and such exchange, the "Italy IP Sale"), and (ii) immediately after the Italy IP Sale, Champion Europe S.r.l. shall distribute the Italy IP Purchase Price to the Italy Company, (iii) immediately after the distribution described in clause (ii), the Italy Company shall distribute the Italy IP Purchase Price to HBI Holdings Switzerland GmbH, (b) (i) each of GFSI LLC and Knights Apparel LLC shall sell, transfer, convey, assign and deliver to ABG Purchaser, free and clear of any Liens (other than Permitted Liens), all of GFSI LLC and Knights Apparel LLC's respective right, title and interest in, to and under the Intellectual Property held by such Persons, and in exchange therefor, subject to Section 1.06, ABG Purchaser shall pay or cause to be paid to GFSI LLC $5,000,000 (the "GFSI IP Purchase Price") and Knights Apparel LLC $5,000,000 (the "KA IP Purchase Price"), in each case, in cash (such exchanges described in this clause (b) (i), collectively, the "United States IP Sale"), and (ii) immediately after the United

States IP Sale, GFSI LLC shall distribute the GFSI IP Purchase Price to Hanesbrands Inc. and Knights Apparel LLC shall distribute the KA IP Purchase Price to Knights Holdco LLC, which shall in turn distribute the KA IP Purchase Price to Hanesbrands Inc. and (c) HBI Branded Apparel Enterprises, LLC shall sell, transfer, convey, assign and deliver to ABG Japan Purchaser, free and clear of any Liens (other than Permitted Liens), all of HBI Branded Apparel Enterprises, LLC's right, title and interest in, to and under the Intellectual Property of the Japan Business held by HBI Branded Apparel Enterprises, LLC, and in exchange therefor, subject to Section 1.06, ABG Japan Purchaser shall pay or cause to be paid to HBI Branded Apparel Enterprises, LLC $18,000,000 in cash (the "Japan IP Purchase Price", and collectively with the Italy IP Purchase Price, the GFSI IP Purchase Price and the KA IP Purchase Price, the "Separate IP Purchase Price", and such exchange, the "Japan IP Sale" and collectively with the Italy IP Sale and the United States IP Sale, the "Separate IP Sales"). For the avoidance of doubt, (x) the Intellectual Property conveyed to ABG Purchaser pursuant to this Section 4.12 shall constitute Purchased Assets and (y) the Separate IP Purchase Price is included in the Purchase Price.

1.8. The following shall be added as Section 5.02(d):

(d) Notwithstanding anything to the contrary in Section 5.02(a) or 5.02(b)(i) (but subject, for the avoidance of doubt, to the terms and conditions of Section 5.02(b)(ii) and (iii)), from the Initial Closing until the earlier of (i) the consummation of a sale of the Europe Business by ABG Purchaser or its Affiliate to its applicable operating partner and (ii) six (6) months following the Initial Closing (such earlier date, the "LC Efforts Date"), unless ABG Purchaser provides written notice to Seller to terminate, replace, cash collateralize or otherwise backstop the EU Lease Letters of Credit in a manner reasonably acceptable to Seller, in each case, prior to the consummation of such sale of the Europe Business, (i) Seller shall, and shall cause its Affiliates to, maintain and renew such EU Lease Letters of Credit in accordance with the terms thereof and the terms of the applicable store lease guaranteed by such EU Lease Letter of Credit as in effect as of the Initial Closing and (ii) without limiting the applicable Purchaser's obligation under Section 5.02(b)(iii), ABG Purchaser or such Purchaser shall reimburse Seller or its applicable Affiliate for all maintenance and renewal fees actually incurred and payable by Seller or such Affiliate in respect of such EU Lease Letter of Credit until such time that such EU Lease Letter of Credit is so terminated, replaced, cash collateralized or otherwise backstopped. For the avoidance of doubt, in the event the EU Lease Letters of Credit have not been terminated, replaced, cash collateralized or backstopped by the ABG Purchaser or its Affiliates prior to the LC Efforts Date, ABG Purchaser or its Affiliates or its applicable operating partner shall be subject to Section 5.02, including Section 5.02(b)(i) with respect to each EU Lease Letter of Credit, provided, that in such case, the twenty-four (24) month period referenced in 5.02(b)(i) shall begin on the LC Efforts Date.

1.9. Section 6.12(g) of the Purchase Agreement shall be amended and restated in its entirety as follows:

(i) From September 25, 2024 until January 15, 2025, Seller shall, and shall cause its Affiliates to, use their commercially reasonable efforts to either (i) sell the Choloma

Facilities to one or more unaffiliated third parties (a "Choloma Sale") or (ii) transfer the Choloma Facilities to a third party selected with ABG's consent (not to be unreasonably withheld, conditioned or delayed) who will take ownership of the Choloma Facilities and undertake to sell them (a "Choloma Transfer").

(ii) In the event a Choloma Sale occurs by January 15, 2025, the proceeds of such Choloma Sale (net of Seller's and its Affiliates' reasonable and customary out of pocket expenses and Taxes incurred in connection with such Choloma Sale) shall be equally shared between ABG Purchaser and Seller and Seller shall, promptly following the consummation of such Choloma Sale, deliver to ABG Purchaser its share of such proceeds, in cash, together with any supporting documentation entered into in connection with such Choloma Sale, as ABG Purchaser may reasonably request.

(iii) In the event a Choloma Transfer occurs, the transferee (the "Agent") will (A) agree to use its commercially reasonable efforts to sell the Choloma Facilities in return for an agreed upon fee to be paid to the Agent from the proceeds of such sale, (B) submit the details of any such proposed sale to Seller and ABG Purchaser for their prior approval, and (C) remit to Seller or its applicable Affiliate the proceeds of such sale net of (x) Agent's reasonable and customary out of pocket expenses incurred in connection with such sale and (y) the agreed upon Agent fee (the "Net Proceeds"). Seller agrees to promptly remit to ABG Purchaser in cash 50% of the amount calculated as (A) the Net Proceeds less (B) Seller's and its Affiliates' reasonable and customary out of pocket expenses and Taxes incurred in connection with such sale, together with any supporting documentation entered into in connection with such sale, as ABG Purchaser may reasonably request.

(iv) If by January 15, 2025 (A) any of the Choloma Facilities have not been sold by Seller or its Affiliates, or (B) a Choloma Transfer has not occurred, then (x) ABG Purchaser may, upon written notice to Seller, elect to acquire (for its own account or on behalf of its designee) any such Choloma Facilities (the "Transferring Choloma Facilities") and (y) if ABG Purchaser has made the election contemplated by the foregoing clause (x), Seller shall, and shall cause its Affiliates to, transfer the Transferring Choloma Facilities to ABG Purchaser or its designee for no additional consideration on or prior to January 31, 2025 (or such other date as may be reasonably agreed between Seller and ABG Purchaser, taking into account Seller's plans for discontinuing operations in Honduras), at which time Seller shall, or shall cause its Affiliates to, execute and deliver such bills of sale, deeds, assignments, assumptions and other documents and instruments of sale, conveyance, assignment, transfer and assumption in order to effectuate the transfer of the Transferring Choloma Facilities to ABG Purchaser or its designee, in a form that is reasonably agreed upon by Seller and ABG Purchaser (or such designee) and as is customary in the applicable jurisdiction or required by applicable Law. Each Transferring Choloma Facility that is ultimately transferred to ABG Purchaser (or its designee) pursuant to this Section 6.12(g) shall be deemed a Purchased Asset that shall be transferred to ABG Purchaser or such designee (and, upon such transfer, such designee shall be deemed a Purchaser hereunder).

(v) In the event any of the Choloma Facilities have not been sold by Seller or its Affiliates, a third party has not been engaged to sell such Choloma Facilities and ABG Purchaser has not elected to acquire such Choloma Facilities by January 15, 2025, Seller or its applicable Affiliate shall retain and within a reasonable period of time shut down such Choloma Facilities and neither ABG Purchaser, nor any of its Affiliates, shall have any Liabilities arising or resulting from or in connection with such Choloma Facilities; provided that the foregoing does not limit the obligations of ABG Purchaser with respect to the payment of the Honduras Facility Shutdown Cost or the Actual Severance Costs relating to such Choloma Facilities.

1.10.The following shall be added as Section 6.12(h):

(h) Seller shall, and shall cause its Affiliates to, use reasonable best efforts to, at Seller's sole cost and expense, shut down and vacate each Month-to-Month Store on or prior to January 31, 2025 and shall take all reasonable and customary steps required for such closure in a manner consistent with Seller's past practice and the terms of the leave agreements covering such stores, including effectuating the termination of each lease in respect of a Month-to-Month Store (a "Month-to-Month Store Lease"), removing signage and fixtures, removing inventory and personal property, making lease-required repairs, cleaning and all other lease-required actions, including all such actions as may be necessary to restore the premises to its original condition (collectively, "Month-to-Month Store Exit Costs"). Without limiting Seller's obligations under the foregoing sentence, ABG Purchaser or its designee shall assume financial responsibility for each Month-to-Month Store Lease remaining in effect as of February 1, 2025 (or such other date as shall be mutually agreed in writing between ABG Purchaser and Seller); provided, however, that Seller shall pay, defend, discharge and indemnify ABG Purchaser and any other Purchaser Indemnitees against, and hold each of them harmless from, any and all Losses suffered or incurred by any Purchaser Indemnitee to the extent arising or resulting from or in connection with assuming such financial responsibility, including payments of rent and other amounts due under any Month-to-Month Store Lease, any Month-to-Month Store Exit Costs and, if applicable, any Lease Breakage Costs.

1.11.Section 6.13(c) to the Purchase Agreement shall be amended and restated in its entirety as follows:

(c) Deferred Closing Payment. On the applicable Deferred Closing Date, ABG Purchaser shall pay, or cause to be paid, to Seller, by wire transfer of immediately available funds, the applicable Deferred Business Closing Payment in respect of the applicable Deferred Business; provided, however, that, without limiting the generality of Section 1.08 or Section 6.13(e)(i)(B), in the case of the Purchaser of the portion of the Inventory held in customs in Argentina, transfer of such Inventory to such Purchaser and payment of the Deferred Business Closing Payment to be made in respect of such Inventory in Argentina shall be conditioned upon execution and delivery of such Local Transfer Agreements as may be reasonably necessary to effectuate the transfer of such Inventory to such Purchaser as mutually agreed upon by Seller and such Purchaser. "Deferred Business Closing Payment" means an amount equal to the Deferred Business Consideration, calculated using the estimates of Residual Inventory Consideration, Compensation Amount, Retained Retention Bonus Amount and Deferred Business Reserves included in the Estimated Deferred Business Statement.

1.12. Section 6.13(f)(vi) to the Purchase Agreement shall be amended and restated in its entirety as follows:

(vi) Within thirty (30) days of the applicable Deferred Closing Date (or, in the case of the Purchaser of the portion of the LATAM Business conducted in Argentina, sixty (60) days of the applicable Deferred Closing Date), the applicable Purchaser shall prepare and deliver to Seller a statement (the "Deferred Business Statement") setting forth such Purchaser's good faith determination of (A) the Residual Deferred Business Inventory actually received by Purchaser, (B) the Compensation Amount (if any), (C) the Retained Retention Bonus Amount with respect to the applicable Deferred Business (if any), (D) the applicable Deferred Business Reserves and (E) a calculation of the Deferred Business Consideration in respect thereof, in each case, together with reasonable supporting documentation. If ABG Purchaser fails to timely deliver or cause to be delivered a Deferred Business Statement in accordance with this Section 6.13(f)(vi), then the Estimated Deferred Business Statement shall be deemed final and binding upon the Seller and such Purchaser.

1.13. Section 6.14 to the Purchase Agreement shall be amended and restated in its entirety as follows:

Section 6.14 Transition Services. Seller and Purchasers acknowledge and agree that: (a) as of the date hereof, the term sheet set forth on Exhibit C (the "TSA Term Sheet") reflects the material terms regarding the Transition Services (as defined in the TSA Term Sheet) that the Parties agree Seller will provide or cause to be provided to Purchasers following the Closing; and (b) prior to the Applicable Closing and as promptly as practicable following the execution of this Agreement, ABG Purchaser or its designated Affiliate, on the one hand, and Seller or its designated Affiliate, on the other hand (collectively, the "TSA Parties"), shall negotiate reasonably and in good faith the terms of a transition services agreement pursuant to which Seller will provide or cause to be provided the Transition Services to Purchasers following the Applicable Closing, which agreement shall (i) be consistent with the TSA Term Sheet, and to the extent mutually agreed by the TSA Parties, include other commercially reasonable, customary terms, taking into consideration the nature and circumstances of the transactions contemplated by this Agreement, and (ii) upon the TSA Parties' mutual agreement, be the Transition Services Agreement referenced in this Agreement. In the event that the TSA Parties are unable, despite their reasonable, good faith efforts, to agree upon and enter into the Transition Services Agreement by the Initial Closing, then Seller hereby agrees that it will provide, or cause to be provided, to Purchaser and its designated Affiliates and operating partners the Transition Services (as defined in the TSA Term Sheet and as may be revised following the date hereof pursuant to this Section 6.14) from and after the Initial Closing in accordance with the terms and conditions set forth in the TSA Term Sheet; provided, however, that the Parties acknowledge and agree that, notwithstanding any other provision of this Section 6.14, the Transition Services Agreement or the TSA Term Sheet, the ELA shall be deemed to satisfy any obligation of Seller to provide, and be in lieu of Seller providing, HR Services (as such term is defined in the TSA Term Sheet) to those Leased Employees covered by the ELA. For the avoidance of doubt, "HR Services" shall not include any service set forth in the Sports Apparel Business Transition Services Schedule A to the TSA.

1.14. Section 6.15 to the Purchase Agreement shall be amended and restated in its entirety as follows:

(a) IP License Agreements. Seller and Purchasers acknowledge and agree that: (a) as of the date hereof, the term sheets set forth on Exhibit J and Exhibit K reflect the material terms regarding the Patent and Technology License Agreement and Trademark License Agreement, respectively, that the Parties will enter at the Initial Closing, and (b) prior to the Initial Closing and as promptly as practicable following the execution of this Agreement, Seller and Purchaser shall negotiate reasonably and in good faith and finalize the terms of the Patent and Technology License Agreement and Trademark License Agreement, which agreements shall be consistent with the respective term sheets, and to the extent mutually agreed by the Parties, include other commercially reasonable, customary terms, taking into consideration the nature and circumstances of the transactions contemplated by this Agreement. In the event that ABG Purchaser and Seller are unable, despite their reasonable, good faith efforts, to agree upon and enter into a Patent and Technology License Agreement and Trademark License Agreement by the Initial Closing, then the term sheets set forth on Exhibit J and Exhibit K hereto shall serve as the Patent and Technology License Agreement and Trademark License Agreement from and after the Initial Closing in accordance with the terms and conditions set forth therein. Notwithstanding any of the foregoing, except for the Technology License Agreement, the ABG Purchaser hereby acknowledges and confirms that it has opted to not license from Seller any Licensed Patents or Licensed Technology contemplated by the Patent and Technology License Agreement, or any Licensed Trademarks contemplated by the Trademark License Agreement. References to the Intellectual Property to be licensed to the Purchasers as of the Initial Closing in Section 2.10(a) shall be deemed amended to refer to the Intellectual Property to be licensed to a Purchaser or one of its operating partners pursuant to the Technology License Agreement.

1.15. The following shall be added as Section 6.20:

Notwithstanding anything to the contrary herein, prior to the Initial Closing, Seller shall be permitted to cause Champion Products Europe Limited to convert to an Irish unlimited liability company (the "Conversion") and to take all actions in connection therewith to the extent required by Applicable Law, including effecting any required name change for Champion Products Europe Limited and its branches and adopting a new memorandum and articles of association. To the extent such actions are not completed prior to the Initial Closing, the ABG Purchaser shall and shall cause its Affiliates to use commercially reasonable efforts to complete such necessary actions upon the written request of Seller. Subject to the terms, conditions and limitations set forth in Article X (other than, for the avoidance of doubt, the Basket or the Cap), from and after the Initial Closing, Seller shall indemnify and hold harmless and keep indemnified and held harmless, on demand and on a continuing basis the Purchaser Indemnitees for and against all Losses suffered or out-of-pocket amounts incurred by the Purchaser Indemnitees arising from the effective date of the Conversion (being the date on which the Irish Companies Registration Office issues the certificate of re-registration) to the extent arising in connection with (i) the Conversion and (ii) the subsequent distributions made by the Acquired Group prior to or on the date of Initial Closing. Further, the Seller shall reimburse, indemnify and hold harmless and keep indemnified and held harmless the Purchaser Indemnitees for their reasonable out of pocket costs (including but not limited to legal, accounting and filing fees and Taxes) actually incurred in subsequently re-registering Champion Products Europe Unlimited Company as a limited liability company. The covenants and obligations of Seller set forth in this paragraph, and all claims with respect to any of the foregoing, shall survive the Initial Closing and shall terminate on the date that is the five (5) year anniversary of the Initial Closing.

1.16. Section 9.01(a) to the Purchase Agreement shall be amended and restated in its entirety as follows:

(a) Seller shall update the Business Employee List from time to time as reasonably requested by Purchaser, which shall not exceed once per a month, until the Initial Closing (or, with respect to Business Employees relating to the Deferred Business, until the Deferred Closing), in order to maintain the accuracy of such schedule, including as a result of employee terminations, transfers (within Seller or its Affiliates), and new hires (which, in each case, must be in compliance with Section 4.02(b)(v)). Notwithstanding anything to the contrary herein, Seller shall timely cooperate with Purchaser and timely take all necessary or appropriate actions that are reasonably requested by Purchaser in connection with such Purchaser's or its Affiliate's obligations to offer employment to Business Employees pursuant to this Article IX and the ELA. Pursuant to the terms of the ELA, which is incorporated herein by reference, Seller shall lease to Recipient (as defined in the ELA) (i) all Seller Entity Business Employees who are employed at or report to the locations set forth on Section 9.01(a)(i) of the Disclosure Schedule ("Sports Apparel Business Employees," which such Sports Apparel Business Employees will be materially consistent with the Sports Apparel Business Employees reflected on the Sports Apparel Business Employees census provided to Purchaser prior to the date hereof (other than changes in the ordinary course of business consistent with past practice)) and (ii) all employees listed on Section 9.01(a)(ii) of the Disclosure Schedule who are located in the United States (the "Sports Apparel Shared Services Employees" and with the Sports Apparel Business Employees, the "Leased Employees") for the period beginning immediately following the Initial Closing and ending on the last day of the Term (as defined in the ELA), unless the employment of such Leased Employee is terminated earlier pursuant to the terms of the ELA. Purchaser or its designee (including Recipient or its Affiliate) shall make an offer of employment to each Leased Employee for employment effective no later than January 1, 2025 (or such later date as contemplated for any Leave Leased Employees (as such term is defined in the ELA) in accordance with the terms of the ELA) for a comparable position and work location and that is otherwise consistent with terms of this Article IX and the ELA. Prior to the Initial Closing (or, with respect to the Deferred Business, from the period between the Initial Closing and the applicable Deferred Closing), each applicable Purchaser or one of its Affiliates shall review the Business Employee List and, in its sole discretion and consistent with applicable Law, select the applicable Seller Entity Business Employees (other than the Leased Employees and Automatic Transfer Employees (as defined below)) to which it intends to make an offer of employment and make an offer of employment to each such Seller Entity Business Employee so selected (such Business Employees so selected, the "Offer Employees"). Each such offer of employment shall be for a comparable position and work location and shall be otherwise compliant with the terms of this Article IX. Upon finalization of the list of Offer Employees for an applicable business segment in a jurisdiction Purchaser or one of its Affiliates or assignees shall provide Seller with a list of the Offer Employees for such business segment (for each segment in a jurisdiction, its "Offer Employee List") and following its receipt of the Offer Employee List for any business segment in a jurisdiction, notwithstanding anything to the contrary in this Agreement, (i) Seller and its Affiliates (including the Acquired Group) shall not terminate or make any changes to the terms and conditions of employment of any Offer Employee in such business segment in such jurisdiction, (x) except for any changes in terms or conditions as would have been permitted under clauses (A) through (D) of Section 4.02(b)(v), or (y) without Purchaser's prior express written consent and (ii) Seller may terminate the employment of any Seller Entity Business Employee in such business segment in such jurisdiction who is not included on the Offer Employee List for such business segment in such jurisdiction. Each Business Employee whose employment is required to and does transfer to the Purchaser or its Affiliates upon the Applicable Closing automatically by operation of applicable Law (including each Acquired Group Business Employee) shall be referred to herein as an "Automatic Transfer Employee." Each Offer Employee who receives and accepts such an offer of employment pursuant to this Section 9.01, and each Leased Employee who accepts an offer of employment pursuant to the this Section 9.01 and the ELA, and actually commences employment with such Purchaser or its Affiliate or designee (including the Recipient or its Affiliate), together with each Acquired Group Business Employee as of immediately prior to the Applicable Closing, and each Automatic Transfer Employee and Specified Employee, shall be referred to herein as (and, for purposes of this Agreement, shall be treated solely following his or her Transfer Date as) a "Transferred Employee." Solely for the purposes of this Article IX, "Affiliates" of such Purchaser shall include, for the period following the Applicable Closing, the members of the Acquired Group. Notwithstanding the foregoing and to the extent necessary, the Parties agree to negotiate in good faith and, prior to the Applicable Closing, enter into, execute and deliver a mutually acceptable employee transfer agreement (the "Employee Transfer Agreement") that addresses the employment and transfer of employment of the Offer Employees primarily performing services in countries outside the United States, as of immediately prior to the Initial Closing or the applicable Deferred Closing (the "Specified Employees") and transfer of Assumed Liabilities relating solely to such Specified Employees' employment following their respective Transfer Date(s) to the applicable Purchaser or its Affiliates. Notwithstanding the foregoing or anything to the contrary in this Article IX, the offers of employment for any Offer Employee who is covered by a Union Contract shall be governed exclusively by the terms of the applicable Union Contract, to the extent applicable.

1.17. Section 9.02(a) to the Purchase Agreement shall be amended and restated in its entirety as follows:

(a) For the period from the applicable the Transfer Date (or for each Transferred Employee who was a Leased Employee, the Initial Closing Date) through the twelve (12)- month period thereafter (the "Continuation Period"), each applicable Purchaser shall, or shall cause one of its Affiliates or assignees to, provide to each Transferred Employee who remains employed by such Purchaser or such Affiliate or assignee (i) a base salary or base wage rate (as applicable) and annual target cash incentive or bonus opportunities that are no less favorable in the aggregate than the base salary or base wage rate and annual target cash incentive or bonus opportunities in effect immediately prior to the Initial Closing or the applicable Deferred Closing, and (ii) other employee benefits (excluding equity and equity-based incentive, defined benefit pension benefits, nonqualified deferred compensation benefits, retention, transaction or change in control benefits, retiree health benefits, retiree welfare benefits and executive perquisites ("Excluded Benefits")) that are either (A) substantially comparable in the aggregate to those in effect for such Transferred Employee immediately prior to the Initial Closing or the applicable Deferred Closing (excluding Excluded Benefits) or (B) no less favorable than those in effect for similarly situated employees of Purchaser or its applicable Affiliate or assignee. Notwithstanding the foregoing or anything to the contrary in this Article IX, the compensation, benefits and other terms and conditions of employment for the Transferred Employees who are covered by a Union Contract (such Transferred Employees, the "Union Employees") shall be governed by the terms of the applicable Union Contract and this Section 9.02(a) will not apply to the Union Employees.

1.18. Section 9.02(b) to the Purchase Agreement shall be amended and restated in its entirety as follows:

(b) Effective as of the Initial Closing Date or, if later, the applicable Transfer Date (which, for the avoidance of doubt, shall be after the Term (as defined in the ELA) with respect to any Leased Employee), each Transferred Employee shall cease to participate as an active employee in each Benefit Plan and Seller shall terminate each member of the Acquired Group's participation in each Benefit Plan (other than, in each case, any Acquired Group Benefit Plan or Assumed Benefit Plan).

1.19. Section 9.03 to the Purchase Agreement shall be amended and restated in its entirety as follows:

Section 9.03 Severance Obligations. Each applicable Purchaser shall, or shall cause its Affiliates to, provide to each Transferred Employee whose employment is terminated by such Purchaser or any of its Affiliates during the Continuation Period, cash severance and cash termination benefits in an amount equal to the cash severance and cash termination benefits (including employer-paid COBRA premiums or welfare benefit subsidy but, for the avoidance of doubt, excluding any self-insured or other costs related to such benefits) that would have been provided to such Transferred Employee in connection with such termination under the applicable Benefit Plan in effect immediately prior to the Initial Closing and set forth on Section 2.14(a) of the Disclosure Schedule, subject to the affected Transferred Employee's execution and nonrevocation of a general release of claims for the benefit of such Purchaser and its Affiliates in such Purchaser's applicable form. Notwithstanding the foregoing or anything to the contrary in this Article IX, (i) the severance or termination benefits for any Transferred Employee who is covered by a Union Contract shall be governed exclusively by the terms of the applicable Union Contract and (ii) the severance and termination benefits to be provided under this Section 9.03 shall not include any retiree health or retiree welfare benefits.

1.20. Section 9.04 to the Purchase Agreement shall be amended and restated in its entirety as follows:

Section 9.04 US Benefit Plan and COBRA Obligations. Without limiting the generality of Section 9.02, each applicable Purchaser shall, or shall cause its Affiliates or designee (including, with respect to Leased Employees, the Recipient or its Affiliate) to, establish, as soon as reasonably practicable after the Initial Closing Date (or, if later, the applicable Transfer Date (which, for the avoidance of doubt, shall be after the Term (as defined in the ELA) with respect to Leased Employees)), a group health plan or plans to provide health benefits to each Transferred Employee primarily performing services in the United States (and his or her eligible spouse and dependents) with coverage effective immediately following the Initial Closing Date (or, if later, the applicable Transfer Date); provided that, if Purchaser or one of its Affiliates or assignees requests that the Transition Services include the ability of such Transferred Employees to continue to participate in the group health plan or plans of Seller and its Affiliates for a reasonable period of time following the Initial Closing Date (or, if later, the applicable Transfer Date) and if Seller and its Affiliates provide for such participation under the terms and conditions of the Transition Services Agreement or otherwise under Section 6.14, then such Transition Service shall be deemed to satisfy such Purchaser's or its Affiliate's obligations to provide health coverage pursuant to this provision, and such Purchaser or its Affiliate shall have in effect a replacement group health plan immediately following the termination of such Transition Services. During the term of the ELA, Seller or its applicable Affiliate shall provide eligible Leased Employees group health benefits under its applicable Benefit Plans in accordance with the terms of the ELA.

(b) Subject to the applicable Purchaser's compliance with Section 9.04(a) (other than non-compliance due to Seller's breach of Section 9.04(a)), Seller and its Affiliates (excluding, for the avoidance of doubt, the Acquired Group) shall be solely responsible for any and all obligations arising under COBRA with respect to all "M&A qualified beneficiaries" as defined in Treasury Regulation Section 54.4980B-9, including with respect to obligations to provide continuation coverage for Former Business Employees (or spouse or dependent thereof) who are "M&A qualified beneficiaries," and each Business Employee (or spouse or dependent thereof) who has a COBRA qualifying event occurring in connection with the Transactions. With respect to any Leased Employee (or his or her qualified beneficiary) who has a COBRA qualifying event during the term of the ELA, Seller or its applicable Affiliate shall be responsible for providing the applicable notices and continuation coverage required under COBRA, subject to Recipient's payment of related Employee Costs (as defined in the ELA) in accordance with the terms of the ELA until the earlier of (i) the last day of the Term (as defined in the ELA) or (ii) the end of the applicable COBRA continuation period for such Leased Employee (or qualified beneficiary), and thereafter Purchaser and its Affiliates (including the Recipient or its Affiliates) shall have the obligation to provide the applicable notices and continuation coverage required under COBRA.

1.21. Section 10.05(h) to the Purchase Agreement shall be amended and restated in its entirety as follows:

No Indemnified Party shall be entitled to indemnification pursuant to this Article X with respect to any Loss to the extent that such Loss relates to (i) except in the case of (x) any inaccuracy of a representation set forth in Sections 2.07(d), (h), (i), (l), or (q), (y) the breach of any covenant set forth in Section 4.04, or (z) the indemnity set out in Section 6.20, Taxes for or attributable to any taxable period beginning after the Applicable Closing Date or, with respect to any Straddle Period, the portion of such Straddle Period beginning after the Applicable Closing Date or (ii) except to the extent arising from any breach of a covenant set forth in Section 4.10 or Section 6.06(l), the existence, amount, usability, expiration date or limitations on (or availability of) any Tax attribute (including net operating losses) of any member of the Acquired Group or related to any Purchased Asset in any taxable period (or portion thereof) beginning after the Applicable Closing Date.

1.22. The below language in Exhibit H (WC Inventory Valuation Schedule) beginning with "Argentina/Mexico:" and ending with "…and (ii) ecommerce and retail store returns" shall be amended and restated in its entirety as follows:

Mexico:

Goods In transit: no additional reserve over current policy.

Active/Perennial: 25% reserve

Obsolete: 75% reserve

Markdown and eCommerce Returns Reserves: There will be reserves, netted against the inventory value, for, as appropriate, (i) end of season FW24 markdown allowances and returns to vendor for FW24 wholesale shipments, and (ii) ecommerce and retail store returns.

Argentina:

Goods In transit (goods sitting in customs for which Hanes has not yet paid duties on such goods): 45% reserve against the landed cost of such inventory. For the avoidance of doubt, Buyer will pay to Seller, as part of the Residual Inventory Consideration, the landed cost of such in transit inventory excluding duties.

All On-Hand Inventory (including Active/Perennial, Seasonal and Obsolete Inventory): 45% reserve on the landed duty paid cost of such inventory

Markdown and eCommerce Returns Reserves: There will be reserves, netted against the inventory value, for, as appropriate, (i) end of season FW24 markdown allowances and returns to vendor for FW24 wholesale shipments, and (ii) ecommerce and retail store returns.

1.23. Annex B of the Purchase Agreement shall be amended to add the following:

"ABG Japan Purchaser" means ABG-Champion Japan IPCo LLC, a Delaware limited liability company.

"ELA" means that certain Employee Leasing Agreement entered into by and between Recipient and Seller, dated as of the Initial Closing Date.

"EU Lease Letters of Credit" means the letters of credit guaranteed by Seller and its Affiliates (other than the Acquired Group) with respect to European leases of the Acquired Group as of the Initial Closing.

"Month-to-Month Stores" means each of the following retail stores:

Store #	Concept	Center Name	City	State
348	Champion Outlet	Fashion Outlets of Niagara	Niagara Falls	NY
8291	Champion Outlet	Jersey Shore Premium Outlets	Tinton Falls	NJ
366	Champion Outlet	Seattle Premium Outlets	Tulalip	WA
701	Champion Outlet	Fashion Outlets of Chicago	Rosemont	IL
726	Champion Outlet	Kittery Premium Outlets	Kittery	ME
306	Champion Outlet	Gilroy Premium Outlets	Gilroy	CA
706	Champion Outlet	Orlando Intl Premium Outlets	Orlando	FL
343	Champion Outlet	Las Vegas Premium North	Las Vegas	NV
705	Champion Outlet	Leesburg Premium Outlets	Leesburg	VA
723	Champion Outlet	Tanger Outlets Tilton	Tilton	NH
338	Champion Outlet	Jackson Premium Outlets	Jackson	NJ
357	Champion Outlet	Philadelphia Mills	Philadelphia	PA
8283	Champion Commercial Pop Up	Menlo Park Mall	Edison	NJ
8285	Champion Commercial Pop Up	Roosevelt Field	Garden City	NY
8281	Champion Commercial Pop Up	King of Prussia	King of Prussia	PA
8275	Champion Outlet Pop Up	Grand Prairie Premium Outlets	Grand Prairie	TX
267	Champion Outlet	Tanger Outlets San Marcos	San Marcos	TX
8274	Champion Outlet Pop Up	Clarksburg Premium Outlets	Clarksburg	MD
8273	Champion Commercial Pop Up	Thruway Shopping Center	Winston-Salem	NC
778	Champion Commercial Pop Up	Chicago Watertower	Chicago	IL
8296	Champion Outlet	Tulsa Premium Outlets	Tulsa	OK

"Technology License Agreement" means a Technology License Agreement to be entered into by Seller and Fanatics Commerce JV Holdings, LLC.

1.24. The definition of Base Purchase Price in Annex B shall be amended and restated in its entirety as follows:

"Base Purchase Price" means $679,000,000, plus the Separate IP Purchase Price.

1.25. The definition of Company Owned Intellectual Property in Annex B shall be amended and restated in its entirety as follows:

"Company Owned Intellectual Property" means all Intellectual Property (a) owned by the members of the Acquired Group and (b) all Intellectual Property owned by the Seller Entities that (i) is currently being developed primarily for the Business **or the Japan Business**, (ii) is primarily related to and used in or held for use in the Business **or the Japan Business**, or (iii) is set forth on Section 1.01(f) of the Disclosure Schedules, including (A) the patents set forth on Section 1.01(f)(i) of the Disclosure Schedules, (B) the Internet Properties set forth on Section 1.01(f)(ii) of the Disclosure Schedules, (C) the Copyrights set forth on Section 1.01(f)(iii) of the Disclosure Schedules, and (D) the Marks set forth on Section 1.01(f)(iv) of the Disclosure Schedules, but excluding the Retained Intellectual Property.

1.26. The definition of Transaction Documents in Annex B shall be amended and restated in its entirety as follows:

"Transaction Documents" means (a) this Agreement, (b) the Transition Services Agreement, (c) the Share Assignment Agreement, (d) each Assignment and Assumption Agreement and Bill of Sale, (e) each Local Transfer Agreement (if any), (f) each Employee Transfer Agreement, (g) the IP Assignment Agreement, (h) the Manufacturing and Supply Agreement, (i) the Japan License Agreement, (j) any Joinders, (k) the ELA and (l) the Technology License Agreement.

1.27. Schedule 6.06(h)(i) of the Purchase Agreement will be amended to allocate the following portion of Final Purchase Price to the Acquired Shares of Hanesbrands (HK) Limited: "The greater of (i) the Working Capital plus Cash less Indebtedness (each as finally determined), in each case, of Hanesbrands (HK) Limited and (ii) $1.".".

1.28. Schedule 6.06(h)(i) of the Purchase Agreement will be amended to add the following:

"The Japan IP Purchase Price to the Intellectual Property sold by HBI Branded Apparel Enterprises LLC to the ABG Japan Purchaser."

1.29. The Entity Classification Elections language in Annex F shall be amended and restated in its entirety as follows:

Entity Classification Elections:

1. Effective as of one day prior to the Initial Closing, the following entities will file Form 8832, *Entity Classification Election* (the "CTB Elections"), and elect to be treated as disregarded entities for U.S. federal income tax purposes:

a. Champion Deutschland GmbH;
b. Universo Sport Immobiliarie S.r.l.;
c. Game 7 Athletics S.r.l.;

d. Champion Europe S.r.l.; and
e. HBI Italy Acquisition Co. S.r.l.

Pursuant to Treas. Reg. § 301.7701-3(g)(3)(iii), an "order of elections" statement should be included with each Form 8832 referenced above indicating that each election is part of successive elections for a series of tiered entities that will be effective on the same day and specifying the ordering of the effective date/time of the elections as "bottom-up" (i.e., with the lowest-tier entity's election occurring before the next lowest-tier entity's election, and so forth up the chain for each eligible entity).

2. Effective as of September 16, 2024, Champion Products Europe Unlimited Company (f/k/a Champion Products Europe Limited) will file an initial classification election on Form 8832, Entity Classification Election, and elect to be treated as a disregarded entity for U.S. federal income tax purposes.

2. General Provisions.

2.1. Covenants, Terms and Conditions. This Amendment shall be governed by the covenants, terms and conditions set forth in Article XI (Miscellaneous) of the Purchase Agreement, as applicable.

2.2. Severability. Any provision of this Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

2.3. Continuing Effect. Except as amended by this Amendment, the Purchase Agreement is hereby ratified and confirmed and shall remain in full force and effect.

[remainder of page intentionally left blank – signature page follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Amendment as of the date first set forth above.

HANESBRANDS INC.

Signed by:

By: Steve Bratspies

F94... [illegible]

Name: Stephen Bratspies

Title: Chief Executive Officer

ABG-CHAMPION LLC

Signed by:

By: Jay Dubiner

972E4005E4F6473...

Name: Jay Dubiner

Title: Chief Legal Officer

[Signature page to First Amendment to SAPA]

Exhibit 31.1

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

I, Stephen B. Bratspies, 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/ Stephen B. Bratspies

Stephen B. Bratspies
Chief Executive Officer

Date: November 7, 2024

Exhibit 31.2

**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
Chief Financial Officer and Chief Accounting Officer

Date: November 7, 2024

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 September 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen B. Bratspies, 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/ Stephen B. Bratspies
Stephen B. Bratspies
Chief Executive Officer

Date: November 7, 2024

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended September 28, 2024 (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 September 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, M. Scott Lewis, 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
Chief Financial Officer and Chief Accounting Officer

Date: November 7, 2024

The foregoing certification is being furnished to accompany Hanesbrands Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 28, 2024 (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.