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 July 2, 2022
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 August 5, 2022, there were 348,942,269 shares of the registrant's common stock outstanding.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains information that may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as "may," "believe," "will," "expect," "project," "estimate," "intend," "anticipate," "plan," "continue" or similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements regarding our intent, belief and current expectations about our strategic direction, prospects and future results are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. In particular, statements with respect to trends associated with our business, our multi-year growth strategy ("Full Potential plan"), the impacts of the ransomware attack announced on May 31, 2022 and our future financial performance included in this Quarterly Report on Form 10-Q specifically appearing under "Management's Discussion and Analysis of Financial Condition and Results of Operations" include forward-looking statements.

More information on factors that could cause actual results or events to differ materially from those anticipated is included from time to time in our reports filed with the Securities and Exchange Commission (the "SEC"), including this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended January 1, 2022, under the caption "Risk Factors," and available on the "Investors" section of our corporate website, *www.Hanes.com/investors*. The contents of our corporate website are not incorporated by reference in this Quarterly Report on Form 10-Q.

PART I

Item 1. ***Financial Statements***

HANESBRANDS INC.

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

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net sales	$ 1,513,467	$ 1,751,311	$ 3,089,623	$ 3,259,340
Cost of sales	941,366	1,069,682	1,933,344	1,975,030
Gross profit	572,101	681,629	1,156,279	1,284,310
Selling, general and administrative expenses	424,847	464,235	838,513	876,794
Operating profit	147,254	217,394	317,766	407,516
Other expenses	1,889	1,855	2,876	4,416
Interest expense, net	33,724	42,440	65,687	86,900
Income from continuing operations before income tax expense	111,641	173,099	249,203	316,200
Income tax expense	18,980	25,236	42,365	39,933
Income from continuing operations	92,661	147,863	206,838	276,267
Income (loss) from discontinued operations, net of tax	(560)	(19,187)	3,965	(410,853)
Net income (loss)	$ 92,101	$ 128,676	$ 210,803	$ (134,586)
Earnings (loss) per share - basic:				
Continuing operations	$ 0.26	$ 0.42	$ 0.59	$ 0.79
Discontinued operations	0.00	(0.05)	0.01	(1.17)
Net income (loss)	$ 0.26	$ 0.37	$ 0.60	$ (0.38)
Earnings (loss) per share - diluted:				
Continuing operations	$ 0.26	$ 0.42	$ 0.59	$ 0.79
Discontinued operations	0.00	(0.05)	0.01	(1.17)
Net income (loss)	$ 0.26	$ 0.37	$ 0.60	$ (0.38)

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net income (loss)	$ 92,101	$ 128,676	$ 210,803	$ (134,586)
Other comprehensive income (loss):				
Translation adjustments	(122,122)	(11,231)	(94,825)	(36,432)
Unrealized gain on qualifying cash flow hedges, net of tax of $(3,658), $(1,140), $(2,689) and $(6,316), respectively	5,056	2,856	8,410	11,396
Unrecognized income from pension and postretirement plans, net of tax of $(1,435), $(1,566), $(2,752) and $(3,615), respectively	3,995	4,332	8,256	11,067
Total other comprehensive loss	(113,071)	(4,043)	(78,159)	(13,969)
Comprehensive income (loss)	$ (20,970)	$ 124,633	$ 132,644	$ (148,555)

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	July 2, 2022	January 1, 2022	July 3, 2021
Assets			
Cash and cash equivalents	$ 247,922	$ 536,277	$ 667,298
Trade accounts receivable, net	918,253	894,151	960,993
Inventories	2,090,711	1,584,015	1,530,622
Other current assets	236,821	186,503	159,715
Current assets held for sale	12,094	327,157	301,986
Total current assets	3,505,801	3,528,103	3,620,614
Property, net	442,539	441,401	446,356
Right-of-use assets	349,382	363,854	398,526
Trademarks and other identifiable intangibles, net	1,261,096	1,220,170	1,258,783
Goodwill	1,106,529	1,133,095	1,148,021
Deferred tax assets	315,003	327,804	351,309
Other noncurrent assets	108,964	57,009	54,380
Total assets	$ 7,089,314	$ 7,071,436	$ 7,277,989
Liabilities and Stockholders' Equity			
Accounts payable	$ 1,237,129	$ 1,214,847	$ 1,171,645
Accrued liabilities	567,628	660,778	628,007
Lease liabilities	113,414	109,526	129,053
Accounts Receivable Securitization Facility	104,700	—	—
Current portion of long-term debt	25,000	25,000	37,500
Current liabilities held for sale	12,094	316,902	289,751
Total current liabilities	2,059,965	2,327,053	2,255,956
Long-term debt	3,627,202	3,326,091	3,647,482
Lease liabilities - noncurrent	262,593	281,852	299,380
Pension and postretirement benefits	236,223	248,518	327,597
Other noncurrent liabilities	191,160	185,429	185,384
Total liabilities	6,377,143	6,368,943	6,715,799
Stockholders' equity:			
Preferred stock (50,000,000 authorized shares; $.01 par value)			
Issued and outstanding — None	—	—	—
Common stock (2,000,000,000 authorized shares; $.01 par value)			
Issued and outstanding — 348,825,622, 349,903,253 and 349,115,441, respectively	3,488	3,499	3,491
Additional paid-in capital	322,305	315,337	310,148
Retained earnings	1,016,140	935,260	829,479
Accumulated other comprehensive loss	(629,762)	(551,603)	(580,928)
Total stockholders' equity	712,171	702,493	562,190
Total liabilities and stockholders' equity	$ 7,089,314	$ 7,071,436	$ 7,277,989

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at April 2, 2022	**348,776**	**$ 3,488**	**$ 315,675**	**$ 976,944**	**$ (516,691)**	**$ 779,416**
Net income	—	—	—	92,101	—	92,101
Dividends ($0.15 per common share)	—	—	—	(52,905)	—	(52,905)
Other comprehensive loss	—	—	—	—	(113,071)	(113,071)
Stock-based compensation	—	—	6,027	—	—	6,027
Net exercise of stock options, vesting of restricted stock units and other	50	—	603	—	—	603
Balances at July 2, 2022	**348,826**	**$ 3,488**	**$ 322,305**	**$ 1,016,140**	**$ (629,762)**	**$ 712,171**

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at January 1, 2022	**349,903**	**$ 3,499**	**$ 315,337**	**$ 935,260**	**$ (551,603)**	**$ 702,493**
Net income	—	—	—	210,803	—	210,803
Dividends ($0.30 per common share)	—	—	—	(106,348)	—	(106,348)
Other comprehensive loss	—	—	—	—	(78,159)	(78,159)
Stock-based compensation	—	—	11,356	—	—	11,356
Net exercise of stock options, vesting of restricted stock units and other	500	5	(2,961)	—	—	(2,956)
Share repurchases	(1,577)	(16)	(1,427)	(23,575)	—	(25,018)
Balances at July 2, 2022	**348,826**	**$ 3,488**	**$ 322,305**	**$ 1,016,140**	**$ (629,762)**	**$ 712,171**

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at April 3, 2021	**349,090**	**$ 3,491**	**$ 304,090**	**$ 753,785**	**$ (576,885)**	**$ 484,481**
Net income	—	—	—	128,676	—	128,676
Dividends ($0.15 per common share)	—	—	—	(52,982)	—	(52,982)
Other comprehensive loss	—	—	—	—	(4,043)	(4,043)
Stock-based compensation	—	—	5,342	—	—	5,342
Net exercise of stock options, vesting of restricted stock units and other	25	—	716	—	—	716
Balances at July 3, 2021	**349,115**	**$ 3,491**	**$ 310,148**	**$ 829,479**	**$ (580,928)**	**$ 562,190**

	Common Stock					
	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at January 2, 2021	**348,802**	**$ 3,488**	**$ 307,883**	**$ 1,069,546**	**$ (566,959)**	**$ 813,958**
Net loss	—	—	—	(134,586)	—	(134,586)
Dividends ($0.30 per common share)	—	—	—	(105,481)	—	(105,481)
Other comprehensive loss	—	—	—	—	(13,969)	(13,969)
Stock-based compensation	—	—	3,808	—	—	3,808
Net exercise of stock options, vesting of restricted stock units and other	313	3	(1,543)	—	—	(1,540)
Balances at July 3, 2021	**349,115**	**$ 3,491**	**$ 310,148**	**$ 829,479**	**$ (580,928)**	**$ 562,190**

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

	Six Months Ended	
	July 2, 2022[1]	July 3, 2021[1]
Operating activities:		
Net income (loss)	$ 210,803	$ (134,586)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	36,555	43,565
Amortization of acquisition intangibles	9,487	10,978
Other amortization	5,196	5,814
Impairment of intangible assets and goodwill	—	163,047
(Gain) loss on sale of business and classification of assets held for sale	(10,495)	236,180
Amortization of debt issuance costs	3,756	7,669
Other	6,441	(14,224)
Changes in assets and liabilities:		
Accounts receivable	(39,084)	(200,106)
Inventories	(540,015)	(175,149)
Other assets	(49,533)	4,451
Accounts payable	51,763	300,318
Accrued pension and postretirement benefits	(495)	(39,176)
Accrued liabilities and other	(125,453)	3,475
Net cash from operating activities	(441,074)	212,256
Investing activities:		
Capital expenditures	(37,946)	(25,331)
Purchase of trademarks	(103,000)	—
Proceeds from sales of assets	222	2,455
Other	(5,640)	6,937
Net cash from investing activities	(146,364)	(15,939)
Financing activities:		
Repayments on Term Loan Facilities	(12,500)	(306,250)
Borrowings on Accounts Receivable Securitization Facility	737,789	—
Repayments on Accounts Receivable Securitization Facility	(633,089)	—
Borrowings on Revolving Loan Facilities	727,500	—
Repayments on Revolving Loan Facilities	(369,500)	—
Borrowings on notes payable	21,454	42,638
Repayments on notes payable	(21,713)	(43,066)
Share repurchases	(25,018)	—
Cash dividends paid	(104,621)	(104,719)
Other	(3,996)	(2,524)
Net cash from financing activities	316,306	(413,921)
Effect of changes in foreign exchange rates on cash	(41,575)	(16,780)
Change in cash, cash equivalents and restricted cash	(312,707)	(234,384)
Cash, cash equivalents and restricted cash at beginning of year	560,629	910,603
Cash, cash equivalents and restricted cash at end of period	$ 247,922	$ 676,219
Balances included in the Condensed Consolidated Balance Sheets:		
Cash and cash equivalents	$ 247,922	$ 667,298
Cash and cash equivalents included in current assets held for sale	—	8,921
Cash and cash equivalents at end of period	$ 247,922	$ 676,219

(1) The cash flows related to discontinued operations have not been segregated and remain included in the major classes of assets and liabilities in the periods prior the sale of the European Innerwear business on March 5, 2022. Accordingly, the Condensed Consolidated Statements of Cash Flows include the results of continuing and discontinued operations.

Capital expenditures included in accounts payable at July 2, 2022 and January 1, 2022 were $36,836 and $24,164, respectively. For the six months ended July 2, 2022 and July 3, 2021, right-of-use assets obtained in exchange for lease obligations were $41,638 and $37,725, respectively.

See accompanying notes to Condensed Consolidated Financial Statements.

HANESBRANDS INC.

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

(1) Basis of Presentation

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

These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 1, 2022. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

Key Business Strategies

In the first quarter of 2021, the Company announced that it reached the decision to exit its European Innerwear business as part of its strategy to streamline its portfolio under its Full Potential plan and determined that this business met held-for-sale and discontinued operations accounting criteria. Accordingly, the Company began to separately report the results of its European Innerwear business as discontinued operations in its Condensed Consolidated Statements of Income, and to present the related assets and liabilities as held for sale in the Condensed Consolidated Balance Sheets. On November 4, 2021, the Company announced that it reached an agreement to sell its European Innerwear business to an affiliate of Regent, L.P. and completed the sale on March 5, 2022. Unless otherwise noted, discussion within these notes to the condensed consolidated interim financial statements relates to continuing operations. See Note "Assets and Liabilities Held for Sale" for additional information.

In addition, 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 plan and determined that this business met held-for-sale accounting criteria. The related assets and liabilities are presented as held for sale in the Condensed Consolidated Balance Sheets at July 2, 2022 and January 1, 2022. The operations of the U.S. Sheer Hosiery business are reported in "Other" for all periods presented in Note "Business Segment Information". The Company is currently exploring potential purchasers for this business and expects to complete the sale within the next 12 months. See Note "Assets and Liabilities Held for Sale" for additional information.

In June of 2022, the Company purchased the *Champion* trademark for footwear in the United States, Puerto Rico and Canada from Keds, LLC ("KEDS") for $102,500. The trademark was recorded in "Trademarks and other identifiable intangibles, net" line in the Condensed Consolidated Balance Sheets and has an indefinite life. The Company previously licensed the *Champion* trademark for footwear in these locations. The purchase of the trademark was part of an agreement with KEDS settling litigation between the two parties and is another step forward in the Company's Full Potential plan of growing the global Champion brand.

Ransomware Attack

On May 24, 2022, the Company identified that it had become subject to a ransomware attack and activated its incident response and business continuity plans designed to contain the incident. As part of the Company's forensic investigation and assessment of the impact, the Company determined that certain of its information technology systems were affected by the ransomware attack.

Upon discovering the incident, the Company took a series of measures to further safeguard the integrity of its information technology systems, including working with cybersecurity experts to contain the incident and implementing business continuity plans to restore and support continued operations. These measures also included resecuring data, remediation of the malware across infected machines, rebuilding critical systems, global password reset and enhanced security monitoring. The Company notified appropriate law enforcement authorities as well as certain data protection regulators, and will continue to evaluate and provide breach notifications or regulatory filings as may be required by applicable law as the Company continues its review of the scope and impact of the incident. At this time, the Company believes the incident has been contained. The Company has restored substantially all of its critical information technology systems, and manufacturing, retail and other internal operations continue. 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 and six months ended July 2, 2022, the Company incurred costs of $15,509, net of expected insurance recoveries, related to the ransomware attack. The costs included $14,168 related primarily to supply chain disruptions, which are reflected in the "Cost of sales" line of the Condensed Consolidated Statements of Income and $1,341, net of expected insurance recoveries, related primarily to information technology, legal and consulting fees, which are reflected in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Income in the quarter and six months ended July 2, 2022. The Company continues to assess the security event and cannot determine, at this time, the full extent of the impact from such event on its business, results of operations or financial condition or whether such impact will ultimately have a material adverse effect.

(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. The new accounting rules can be adopted any time before the fourth quarter of 2022. The Company is currently in the process of evaluating the impact of adoption of the new rules on the Company's financial condition, results of operations, cash flows and disclosures and does not currently intend to early adopt the new rules.

Business Combinations

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers." The new accounting rules require entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. The new accounting rules will be effective for the Company in the first quarter of 2023, including interim periods. Early adoption is permitted. The adoption impact of the new accounting rules will depend on the magnitude of future acquisitions.

Derivatives and Hedging

In March 2022, the FASB issued ASU 2022-01, "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method." The new accounting rules allow entities to expand the use of the portfolio layer method to all financial assets and designate multiple hedged layers within a single closed portfolio. The new accounting rules also clarify guidance related to hedge basis adjustments and the related disclosures for these adjustments. The new accounting rules will be effective for the Company in the first quarter of 2023, including interim periods. Early adoption is permitted. The Company is currently in the process of evaluating the impact of adoption of the new rules on the Company's financial condition, results of operations, cash flows and disclosures.

HANESBRANDS INC.

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

(3) Assets and Liabilities Held for Sale

Assets and liabilities classified as held for sale in the Condensed Consolidated Balance Sheets as of July 2, 2022, January 1, 2022 and July 3, 2021 consist of the following:

	July 2, 2022	January 1, 2022	July 3, 2021
U.S. Sheer Hosiery business - continuing operations	$ 12,094	$ 5,426	$ —
European Innerwear business - discontinued operations	—	321,731	301,986
Total current assets held for sale	$ 12,094	$ 327,157	$ 301,986
U.S. Sheer Hosiery business - continuing operations	$ 12,094	$ 5,426	$ —
European Innerwear business - discontinued operations	—	311,476	289,751
Total current liabilities held for sale	$ 12,094	$ 316,902	$ 289,751

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 plan and determined that this business met held-for-sale accounting criteria. The related assets and liabilities are presented as held for sale in the Condensed Consolidated Balance Sheets at July 2, 2022 and January 1, 2022. The Company recorded a non-cash charge of $38,364 in the fourth quarter of 2021, to record a valuation allowance 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. The Company recorded non-cash gains of $4,340 and $10,868 to adjust the valuation allowance resulting from a decrease in carrying value due to changes in working capital in the quarter and six months ended July 2, 2022, respectively. The operations of the U.S. Sheer Hosiery business are reported in “Other” for all periods presented in Note “Business Segment Information”. The Company is currently exploring potential purchasers for this business and expects to complete the sale within the next 12 months.

European Innerwear Business - Discontinued Operations

In the first quarter of 2021, the Company announced that it reached the decision to exit its European Innerwear business as part of its strategy to streamline its portfolio under its Full Potential plan and determined that this business met held-for-sale and discontinued operations accounting criteria. Accordingly, the Company began to separately report the results of its European Innerwear business as discontinued operations in its Condensed Consolidated Statements of Income, and to present the related assets and liabilities as held for sale in the Condensed Consolidated Balance Sheets. On November 4, 2021, the Company announced that it had reached an agreement to sell its European Innerwear business to an affiliate of Regent, L.P. and completed the sale on March 5, 2022. Under the agreement, the purchaser received all the assets and operating liabilities of the European Innerwear business. The operations of the European Innerwear business were previously reported primarily in the International segment.

Upon meeting the criteria for held-for-sale classification in the first quarter of 2021 which qualified as a triggering event, the Company performed a full impairment analysis of the disposal group's indefinite-lived intangible assets and goodwill. As a result of the strategic decision to exit the European Innerwear business, forecasts were revised to include updated market conditions and the removal of strategic operating decisions that would no longer occur under the Company's ownership. The revised forecasts indicated impairment of certain indefinite-lived trademarks and license agreements as well as the full goodwill balance attributable to the European Innerwear business. As a result of this impairment analysis, a non-cash charge of $155,745 was recorded as "Impairment of intangible assets and goodwill" in the summarized discontinued operations financial information for the six months ended July 3, 2021. In addition, the Company recorded a valuation allowance 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, resulting in non-cash charges of $9,828 and $236,180 for the quarter and six months ended July 3, 2021, respectively, as "(Gain) loss on sale of business and classification of assets held for sale" in the summarized discontinued operations financial information. In the quarter and six months ended July 2, 2022, the Company recorded the final loss on the sale of the European Innerwear business of $560 and $373, respectively, primarily resulting from changes in working capital balances and foreign exchange rates.

HANESBRANDS INC.

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

Additionally, the Company recorded an impairment charge of $7,302 in continuing operations on an indefinite-lived trademark for the six months ended July 3, 2021 which is reflected in the "Selling, general and administrative expenses" line in the Condensed Consolidated Statements of Income. This charge related to the full impairment of an indefinite-lived trademark related to a specific brand within the European Innerwear business that was excluded from the disposal group as it was not marketed for sale.

The Company has continued certain sales from its supply chain to the European Innerwear business on a transitional basis after the sale of the business. Under the terms of the Manufacturing and Supply Agreement that was signed as part of closing the transaction, the Company will provide these services for periods up to 34 months from the closing date of the transaction. Additionally, the Company entered into a Transitional Services Agreement pursuant to which the Company will provide transitional services including information technology, human resources, facilities management, and limited finance and accounting services for periods up to 12 months from the closing date of the transaction. The sales and the related profit are included in continuing operations in the Condensed Consolidated Statements of Income and in "Other" in Note "Business Segment Information" in all periods presented and have not been eliminated as intercompany transactions in consolidation for the period when the European Innerwear business was owned by the Company. The related receivables from the European Innerwear business are included in "Trade accounts receivable, net" in the Condensed Consolidated Balance Sheets for all periods presented.

The operating results of the discontinued operations only reflect revenues and expenses that are directly attributable to the European Innerwear business. Discontinued operations does not include any allocation of corporate overhead expense or interest expense. The key components from discontinued operations related to the European Innerwear business are as follows:

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net sales	$ —	$ 117,506	$ 101,314	$ 253,351
Cost of sales	—	63,137	60,415	138,660
Gross profit	—	54,369	40,899	114,691
Selling, general and administrative expenses	—	61,134	54,689	144,526
Impairment of intangible assets and goodwill	—	—	—	155,745
Loss on sale of business and classification of assets held for sale	560	9,828	373	236,180
Operating loss	(560)	(16,593)	(14,163)	(421,760)
Other expenses	—	280	283	614
Interest expense, net	—	69	10	159
Loss from discontinued operations before income tax expense	(560)	(16,942)	(14,456)	(422,533)
Income tax expense (benefit)	—	2,245	(18,421)	(11,680)
Net income (loss) from discontinued operations, net of tax	$ (560)	$ (19,187)	$ 3,965	$ (410,853)

HANESBRANDS INC.

Notes to Condensed Consolidated Financial Statements — (Continued)
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Assets and liabilities of discontinued operations classified as held for sale in the Condensed Consolidated Balance Sheets as of July 2, 2022, January 1, 2022 and July 3, 2021 consist of the following:

	July 2, 2022	January 1, 2022	July 3, 2021
Cash and cash equivalents	$ —	$ 24,352	$ 8,921
Trade accounts receivable, net	—	87,353	70,432
Inventories	—	141,653	119,627
Other current assets	—	21,926	15,114
Property, net	—	62,659	63,222
Right-of-use assets	—	32,603	34,051
Trademarks and other identifiable intangibles, net	—	205,204	211,534
Deferred tax assets	—	4,174	10,376
Other noncurrent assets	—	4,127	4,421
Allowance to adjust assets to estimated fair value, less costs of disposal	—	(262,320)	(235,712)
Total assets of discontinued operations	$ —	$ 321,731	$ 301,986
Accounts payable	$ —	$ 84,327	$ 70,185
Accrued liabilities	—	122,620	111,321
Lease liabilities	—	6,562	8,693
Notes payable	—	329	377
Lease liabilities - noncurrent	—	27,426	26,766
Pension and postretirement benefits	—	38,325	44,328
Other noncurrent liabilities	—	31,887	28,081
Total liabilities of discontinued operations	$ —	$ 311,476	$ 289,751

The cash flows related to discontinued operations 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 discontinued operations:

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Depreciation	$ —	$ —	$ —	$ 2,608
Amortization	$ —	$ —	$ —	$ 1,460
Capital expenditures	$ —	$ 735	$ 715	$ 4,070
Impairment of intangible assets and goodwill	$ —	$ —	$ —	$ 155,745
Loss on sale of business and classification of assets held for sale	$ 560	$ 9,828	$ 373	$ 236,180
Capital expenditures included in accounts payable at end of period	$ —	$ 1,580	$ —	$ 3,374
Right-of-use assets obtained in exchange for lease obligations	$ —	$ 1,642	$ —	$ 3,137

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		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Third-party brick-and-mortar wholesale	$ 1,029,645	$ 1,233,531	$ 2,155,911	$ 2,258,270
Consumer-directed	483,822	517,780	933,712	1,001,070
Total net sales	$ 1,513,467	$ 1,751,311	$ 3,089,623	$ 3,259,340

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 licensing agreements. The Company earns royalties through license agreements with manufacturers of other consumer products that incorporate certain of the Company's brands. The Company accrues revenue earned under these contracts based upon reported sales from the licensees.

Consumer-Directed Revenue

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

(5) Stockholders' Equity

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

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

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Basic weighted average shares outstanding	349,772	350,987	350,012	350,995
Effect of potentially dilutive securities:				
Stock options	—	24	4	16
Restricted stock units	523	1,039	856	855
Employee stock purchase plan and other	8	2	6	3
Diluted weighted average shares outstanding	350,303	352,052	350,878	351,869

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

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Stock options	250	83	250	167
Restricted stock units	1,448	45	1,211	44

On August 10, 2022, the Company's Board of Directors declared a regular quarterly cash dividend of $0.15 per share of the Company's outstanding common stock to be paid on September 14, 2022 to stockholders of record at the close of business on August 24, 2022.

(amounts in thousands, except per share data)

On February 2, 2022, the Company's Board of Directors approved a new 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. Additionally, management has been granted authority to establish a trading plan under Rule 10b5-1 of the Exchange Act in connection with share repurchases, which will allow the Company to repurchase shares in the open market during periods in which the stock trading window is otherwise closed for the Company and certain of the Company's officers and employees pursuant to the Company's insider trading policy. The new program replaced the Company's previous share repurchase program for up to 40,000 shares that was originally approved on February 6, 2020. For the quarter ended July 2, 2022, the Company did not enter into any transactions to repurchase shares under the new program. For the six months ended July 2, 2022, the Company entered into transactions to repurchase 1,577 shares at a weighted average repurchase price of $15.84 per share under the new program. The shares were repurchased at a total cost of $25,018 including broker's commissions of $31. The Company did not repurchase any shares under the previous share repurchase program during 2022 through the expiration of the program on February 2, 2022 or during the quarter or six months ended July 3, 2021. At July 2, 2022, the remaining repurchase authorization under the current share repurchase program totaled $575,013.

(6) Inventories

Inventories consisted of the following:

	July 2, 2022	January 1, 2022	July 3, 2021
Raw materials	$ 103,315	$ 68,683	$ 72,436
Work in process	123,842	110,246	101,862
Finished goods	1,863,554	1,405,086	1,356,324
	$ 2,090,711	$ 1,584,015	$ 1,530,622

(7) Debt

Debt consisted of the following:

	Interest Rate as of July 2, 2022	Principal Amount		Maturity Date
		July 2, 2022	January 1, 2022	
Senior Secured Credit Facility:				
Revolving Loan Facility	2.75%	$ 358,000	$ —	November 2026
Term Loan A	2.31%	987,500	1,000,000	November 2026
4.875% Senior Notes	4.88%	900,000	900,000	May 2026
4.625% Senior Notes	4.63%	900,000	900,000	May 2024
3.5% Senior Notes	3.50%	521,376	568,634	June 2024
Accounts Receivable Securitization Facility	1.36%	104,700	—	June 2023
		3,771,576	3,368,634	
Less long-term debt issuance costs		14,674	17,543	
Less current maturities		129,700	25,000	
		$ 3,627,202	$ 3,326,091	

As of July 2, 2022, the Company had $634,940 of borrowing availability under the $1,000,000 Revolving Loan Facility after taking into account $358,000 of USD revolver loans and $7,060 of standby and trade letters of credit issued and outstanding under this facility.

The Company's accounts receivable securitization facility (the "ARS Facility") entered into in November 2007 was amended in June 2022. The latest amendment increased the fluctuating facility limit to $225,000 (previously $175,000) and extended the maturity date to June 2023. Additionally, the amendment changed the Company's interest rate option as defined in the ARS Facility from the rate announced from time to time by PNC Bank, N.A. as its prime rate or the London Interbank Offered Rate to the rate announced from time to time by PNC Bank, N.A. as its prime rate or the Secured Overnight Financing Rate and increased certain receivables to the pledged collateral pool for the facility. Borrowings under the Company's ARS Facility are permitted only to the extent that the face of the receivables in the collateral pool, net of applicable concentrations, reserves and other deductions, exceeds the outstanding loans and also subject to a quarterly fluctuating facility limit, which is not to exceed $225,000. The Company's maximum borrowing capacity as per the fluctuating limit under the ARS Facility was $200,000 as of July 2, 2022. The Company had $58,584 of borrowing availability under the ARS Facility at July 2, 2022.

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The Company had $23,798 of borrowing availability under other international credit facilities after taking into account outstanding borrowings and letters of credit outstanding under the applicable facilities at July 2, 2022.

As of July 2, 2022, 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, 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.

(8) Income Taxes

The Company's effective income tax rate was 17.0% and 14.6% for the quarters ended July 2, 2022 and July 3, 2021, respectively. The Company's effective income tax rate was 17.0% and 12.6% for the six months ended July 2, 2022 and July 3, 2021, respectively. The higher effective tax rate for the quarter ended July 2, 2022 was primarily due to non-recurring discrete tax charges totaling $4,576 for adjustments related to prior period tax returns and measurement of deferred tax liabilities. The higher effective tax rate for the six months ended July 2, 2022 was primarily due to a non-recurring discrete tax benefit for the release of reserves for unrecognized tax benefits totaling $7,034, partially offset by a discrete charge for changes in valuation allowances of $3,672 during the six months ended July 3, 2021.

(9) 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 April 2, 2022	$ (106,704)	$ 7,629	$ (563,583)	$ 145,967	$ (516,691)
Amounts reclassified from accumulated other comprehensive loss	—	17,639	5,203	(4,048)	18,794
Current-period other comprehensive income (loss) activity	(122,122)	(8,925)	227	(1,045)	(131,865)
Total other comprehensive income (loss)	(122,122)	8,714	5,430	(5,093)	(113,071)
Balance at July 2, 2022	$ (228,826)	$ 16,343	$ (558,153)	$ 140,874	$ (629,762)

	Cumulative Translation Adjustment[(1)]	Cash Flow Hedges	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Loss
Balance at January 1, 2022	$ (134,001)	$ 5,244	$ (569,161)	$ 146,315	$ (551,603)
Amounts reclassified from accumulated other comprehensive loss	(13,473)	27,428	10,821	(6,826)	17,950
Current-period other comprehensive income (loss) activity	(81,352)	(16,329)	187	1,385	(96,109)
Total other comprehensive income (loss)	(94,825)	11,099	11,008	(5,441)	(78,159)
Balance at July 2, 2022	$ (228,826)	$ 16,343	$ (558,153)	$ 140,874	$ (629,762)

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

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Cumulative Translation Adjustment[1]	Cash Flow Hedges	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Loss
Balance at April 3, 2021	$ (78,021)	$ (12,822)	$ (659,946)	$ 173,904	$ (576,885)
Amounts reclassified from accumulated other comprehensive loss	—	4,671	6,022	(2,993)	7,700
Current-period other comprehensive income (loss) activity	(11,231)	(675)	(124)	287	(11,743)
Total other comprehensive income (loss)	(11,231)	3,996	5,898	(2,706)	(4,043)
Balance at July 3, 2021	$ (89,252)	$ (8,826)	$ (654,048)	$ 171,198	$ (580,928)

	Cumulative Translation Adjustment[1]	Cash Flow Hedges	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Loss
Balance at January 2, 2021	$ (52,820)	$ (26,538)	$ (668,730)	$ 181,129	$ (566,959)
Amounts reclassified from accumulated other comprehensive loss	—	9,913	13,107	(5,997)	17,023
Current-period other comprehensive income (loss) activity	(36,432)	7,799	1,575	(3,934)	(30,992)
Total other comprehensive income (loss)	(36,432)	17,712	14,682	(9,931)	(13,969)
Balance at July 3, 2021	$ (89,252)	$ (8,826)	$ (654,048)	$ 171,198	$ (580,928)

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

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

Component of AOCI	Location of Reclassification into Income	Amount of Reclassification from AOCI — Quarters Ended July 2, 2022	Quarters Ended July 3, 2021	Six Months Ended July 2, 2022	Six Months Ended July 3, 2021
Write-off of cumulative translation associated with sale of business	Income (loss) from discontinued operations, net of tax	$ —	$ —	$ 13,473	$ —
Gain (loss) on forward foreign exchange contracts designated as cash flow hedges	Cost of sales	$ 2,662	$ (5,278)	$ 4,274	$ (9,655)
	Income tax	(770)	1,444	(1,278)	2,652
	Income (loss) from discontinued operations, net of tax	—	(1,278)	(232)	(1,522)
	Net of tax	1,892	(5,112)	2,764	(8,525)
Gain (loss) on cross-currency swap contracts designated as cash flow hedges	Selling, general and administrative expenses	(18,621)	3,168	(28,354)	2,611
	Interest expense, net	(1,680)	(1,018)	(3,041)	(1,018)
	Income tax	3,451	(312)	5,337	(223)
	Net of tax	(16,850)	1,838	(26,058)	1,370
Amortization of deferred actuarial loss and prior service cost	Other expenses	(5,203)	(6,081)	(10,406)	(13,788)
	Income tax	1,367	1,596	2,737	3,342
	Income (loss) from discontinued operations, net of tax	—	59	—	578
Pension activity associated with sale of business	Income (loss) from discontinued operations, net of tax	—	—	(460)	—
	Net of tax	(3,836)	(4,426)	(8,129)	(9,868)
Total reclassifications		$ (18,794)	$ (7,700)	$ (17,950)	$ (17,023)

(10) Financial Instruments and Risk Management

The Company uses forward foreign exchange contracts and cross-currency swap contracts to manage its exposures to movements in foreign exchange rates primarily related to the Australian dollar, Euro, Canadian dollar and Mexican peso. The Company also uses 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	July 2, 2022	January 1, 2022
U.S. dollar equivalent notional amount of derivative instruments:			
Forward foreign exchange contracts	Cash Flow and Mark to Market	$ 303,733	$ 308,071
Cross-currency swap contracts	Cash Flow	$ 352,920	$ 352,920
Cross-currency swap contracts	Net Investment	$ 335,940	$ 335,940

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Notes to Condensed Consolidated Financial Statements — (Continued)
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Fair Values of Derivative Instruments

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

	Balance Sheet Location	Fair Value July 2, 2022	Fair Value January 1, 2022
Derivatives designated as hedging instruments:			
Forward foreign exchange contracts	Other current assets	$ 6,970	$ 2,898
Cross-currency swap contracts	Other current assets	1,082	974
Forward foreign exchange contracts	Other noncurrent assets	419	83
Cross-currency swap contracts	Other noncurrent assets	23,661	1,979
Derivatives not designated as hedging instruments:			
Forward foreign exchange contracts	Other current assets	12,570	5,439
Total derivative assets		44,702	11,373
Derivatives designated as hedging instruments:			
Forward foreign exchange contracts	Accrued liabilities	(222)	(349)
Cross-currency swap contracts	Accrued liabilities	(283)	(222)
Forward foreign exchange contracts	Other noncurrent liabilities	—	(14)
Cross-currency swap contracts	Other noncurrent liabilities	(34,168)	(11,387)
Derivatives not designated as hedging instruments:			
Forward foreign exchange contracts	Accrued liabilities	(496)	(331)
Total derivative liabilities		(35,169)	(12,303)
Net derivative asset/(liability)		$ 9,533	$ (930)

Cash Flow Hedges

The Company uses forward foreign exchange contracts and 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.

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, which had a carrying amount of €500,000 as of July 2, 2022. These cross-currency swap contracts, which mature on June 15, 2024, swap 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.

The Company expects to reclassify into earnings during the next 12 months a net gain from AOCI of approximately $3,373. The Company is hedging exposure to the variability in future foreign currency-denominated cash flows for forecasted transactions over the next 15 months and for long-term debt over the next 24 months.

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

	Amount of Gain (Loss) Recognized in AOCI on Derivative Instruments			
	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Forward foreign exchange contracts	$ 12,679	$ (1,392)	$ 9,493	$ 7,094
Cross-currency swap contracts	(21,604)	717	(25,822)	705
Total	$ (8,925)	$ (675)	$ (16,329)	$ 7,799

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Notes to Condensed Consolidated Financial Statements — (Continued)
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	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income — Quarters Ended July 2, 2022	Quarters Ended July 3, 2021	Six Months Ended July 2, 2022	Six Months Ended July 3, 2021
Forward foreign exchange contracts[1]	Cost of sales	$ 2,662	$ (5,278)	$ 4,274	$ (9,655)
Forward foreign exchange contracts[1]	Income (loss) from discontinued operations, net of tax	—	(1,543)	(307)	(1,851)
Cross-currency swap contracts[1]	Selling, general and administrative expenses	(18,621)	3,168	(28,354)	2,611
Cross-currency swap contracts[1]	Interest expense, net	(1,680)	(1,018)	(3,041)	(1,018)
Total		$ (17,639)	$ (4,671)	$ (27,428)	$ (9,913)

(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 Income in which the effects of cash flow hedges are recorded:

	Quarters Ended July 2, 2022	Quarters Ended July 3, 2021	Six Months Ended July 2, 2022	Six Months Ended July 3, 2021
Cost of sales	$ 941,366	$ 1,069,682	$ 1,933,344	$ 1,975,030
Selling, general and administrative expenses	$ 424,847	$ 464,235	$ 838,513	$ 876,794
Interest expense, net	$ 33,724	$ 42,440	$ 65,687	$ 86,900
Income (loss) from discontinued operations, net of tax	$ (560)	$ (19,187)	$ 3,965	$ (410,853)

Net Investment Hedges

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

In July 2019, the Company also designated the full amount of its 3.5% Senior Notes with a carrying value of €500,000, which is a nonderivative financial instrument, as a hedge of a portion of the beginning balance of the Company's European net investment. 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. As of July 2, 2022 and January 1, 2022, the U.S. dollar equivalent carrying value of Euro-denominated long-term debt designated as a partial European net investment hedge was $208,501 and $227,454, respectively.

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 July 2, 2022	Quarters Ended July 3, 2021	Six Months Ended July 2, 2022	Six Months Ended July 3, 2021
Euro-denominated long-term debt	$ 9,042	$ (1,544)	$ 13,763	$ 17,756
Cross-currency swap contracts	14,145	(2,066)	16,077	5,307
Total	$ 23,187	$ (3,610)	$ 29,840	$ 23,063

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The effect of derivative and non-derivative instruments designated as net investment hedges on the Condensed Consolidated Statements of Income are as follows:

	Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income			
		Quarters Ended		Six Months Ended	
		July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Euro-denominated long-term debt	Income (loss) from discontinued operations, net of tax	$ —	$ —	$ (13,348)	$ —
Cross-currency swap contracts	Income (loss) from discontinued operations, net of tax	—	—	$ (2,505)	—
Cross-currency swap contracts (amounts excluded from effectiveness testing)	Interest expense, net	2,228	1,715	4,240	3,614
Total		$ 2,228	$ 1,715	$ (11,613)	$ 3,614

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

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Income (loss) from discontinued operations, net of tax	(560)	(19,187)	$ 3,965	(410,853)
Interest expense, net (amounts excluded from effectiveness testing)	33,724	42,440	65,687	86,900

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.

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

	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income			
		Quarters Ended		Six Months Ended	
		July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Forward foreign exchange contracts	Cost of sales	$ 6,841	$ 5,629	$ 2,639	$ 18,624
Forward foreign exchange contracts	Selling, general and administrative expenses	(478)	880	(186)	3,091
Forward foreign exchange contracts	Income (loss) from discontinued operations, net of tax	—	1,314	—	3,953
Total		$ 6,363	$ 7,823	$ 2,453	$ 25,668

(amounts in thousands, except per share data)

(11) Fair Value of Assets and Liabilities

As of July 2, 2022 and January 1, 2022, the Company held certain financial assets and liabilities that are required to be measured at fair value on a recurring basis. These consisted of the Company's derivative instruments related to forward foreign exchange derivative contracts, cross-currency swap derivative contracts and deferred compensation plan liabilities. The fair values of forward foreign exchange derivative contracts are determined using the cash flows of the forward contracts, discount rates to account for the passage of time and current foreign exchange market data which are all based on inputs readily available in public markets and are categorized as Level 2. The fair values of cross-currency swap derivative contracts are determined using the cash flows of the swap contracts, discount rates to account for the passage of time, current foreign exchange and interest rate market data and credit risk, which are all based on inputs readily available in public markets and are categorized as Level 2. The fair value of deferred compensation 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 the six months ended July 2, 2022 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 the six months ended July 2, 2022, 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 July 2, 2022			
	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	$ 19,959	$ —	$ 19,959	$ —
Cross-currency swap contracts - assets	24,743	—	24,743	—
Forward foreign exchange contracts - liabilities	(718)	—	(718)	—
Cross-currency swap contracts - liabilities	(34,451)	—	(34,451)	—
Total derivative contracts	9,533	—	9,533	—
Deferred compensation plan liability	(15,979)	—	(15,979)	—
Total	$ (6,446)	$ —	$ (6,446)	$ —

	Assets (Liabilities) at Fair Value as of January 1, 2022			
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Forward foreign exchange contracts - assets	$ 8,420	$ —	$ 8,420	$ —
Cross-currency swap contracts - assets	2,953	—	2,953	—
Forward foreign exchange contracts - liabilities	(694)	—	(694)	—
Cross-currency swap contracts - liabilities	(11,609)	—	(11,609)	—
Total derivative contracts	(930)	—	(930)	—
Deferred compensation plan liability	(20,916)	—	(20,916)	—
Total	$ (21,846)	$ —	$ (21,846)	$ —

(amounts in thousands, except per share data)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, trade accounts receivable and accounts payable approximated fair value as of July 2, 2022 and January 1, 2022. The carrying amount of trade accounts receivable included allowance for doubtful accounts, chargebacks and other deductions of $65,534 and $61,948 as of July 2, 2022 and January 1, 2022, respectively. The fair value of debt, which is classified as a Level 2 liability, was $3,576,798 and $3,504,412 as of July 2, 2022 and January 1, 2022, respectively. Debt had a carrying value of $3,771,576 and $3,368,634 as of July 2, 2022 and January 1, 2022, 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.

(12) Business Segment Information

The Company’s operations are managed and reported in three operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Activewear and International. These segments are organized principally by product category and geographic location. Each segment has its own management team that is responsible for the operations of the segment’s businesses, but the segments share a common supply chain and media and marketing platforms. Other consists of the Company’s U.S.-based outlet stores, U.S. Sheer Hosiery business and certain sales from its supply chain and transitional services with the European Innerwear business which was sold on March 5, 2022. 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 plan. See Note “Assets and Liabilities Held for Sale” for additional information.

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

- Innerwear includes 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.
- Activewear includes sales in the United States of branded products that are primarily seasonal in nature to both retailers and wholesalers, as well as licensed sports apparel and licensed logo apparel.
- International primarily includes sales of the Company’s innerwear and activewear products outside the United States, primarily in Australasia, Europe, Asia, Latin America and Canada.

The Company evaluates the operating performance of its segments based upon segment operating profit, which is defined as operating profit before general corporate expenses, restructuring and other action-related charges and amortization of intangibles. The accounting policies of the segments are consistent with those described in Note “Summary of Significant Accounting Policies” to the Company’s consolidated financial statements included in its Annual Report on Form 10-K for the year ended January 1, 2022.

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net sales:				
Innerwear	$ 685,778	$ 780,650	$ 1,264,725	$ 1,351,085
Activewear	330,400	404,189	717,337	768,192
International	424,189	478,923	934,318	985,184
Other	73,100	87,549	173,243	154,879
Total net sales	$ 1,513,467	$ 1,751,311	$ 3,089,623	$ 3,259,340

HANESBRANDS INC.

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

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Segment operating profit:				
Innerwear	$ 141,659	$ 186,169	$ 243,805	$ 313,586
Activewear	22,857	41,047	71,841	101,641
International	55,953	61,900	145,391	149,080
Other	5,333	9,220	4,662	11,106
Total segment operating profit	225,802	298,336	465,699	575,413
Items not included in segment operating profit:				
General corporate expenses	(64,840)	(54,685)	(122,068)	(114,508)
Restructuring and other action-related charges	(6,380)	(18,664)	(11,182)	(38,057)
Amortization of intangibles	(7,328)	(7,593)	(14,683)	(15,332)
Total operating profit	147,254	217,394	317,766	407,516
Other expenses	(1,889)	(1,855)	(2,876)	(4,416)
Interest expense, net	(33,724)	(42,440)	(65,687)	(86,900)
Income from continuing operations before income tax expense	$ 111,641	$ 173,099	$ 249,203	$ 316,200

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

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Cost of sales	$ 532	$ 1,900	$ 1,031	$ 4,707
Selling, general and administrative expenses	5,848	16,764	10,151	33,350
Total included in operating profit	6,380	18,664	11,182	38,057
Income tax expense	1,085	1,903	1,901	13,205
Total restructuring and other action-related charges	$ 5,295	$ 16,761	$ 9,281	$ 24,852

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

	Quarters Ended		Six Months Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Full Potential Plan:				
Professional services	$ 7,086	$ 13,804	$ 14,994	$ 25,510
Gain on classification of assets held for sale	(4,340)	—	(10,868)	—
Operating model	825	—	(1,094)	—
Supply chain segmentation	269	—	1,289	—
Technology	1,971	—	6,430	—
Impairment of intangible assets	—	—	—	7,302
Other	569	4,860	431	5,245
Total included in operating profit	6,380	18,664	11,182	38,057
Discrete tax benefits	—	—	—	7,295
Tax benefit effect on actions	1,085	1,903	1,901	5,910
Total benefit included in income tax expense	1,085	1,903	1,901	13,205
Total restructuring and other action-related charges	$ 5,295	$ 16,761	$ 9,281	$ 24,852

HANESBRANDS INC.

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

Restructuring and other action-related charges within operating profit included $6,380 and $18,664 of charges related to the implementation of the Company's Full Potential plan in the quarters ended July 2, 2022 and July 3, 2021, respectively. Full Potential plan charges in the quarter ended July 2, 2022 included a non-cash gain of $4,340, which is reflected in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Income, to adjust the valuation allowance related to the U.S. Sheer Hosiery business resulting from a decrease in carrying value due to changes in working capital.

Restructuring and other action-related charges within operating profit included $11,182 and $38,057 of charges related to the implementation of the Company's Full Potential plan in the six months ended July 2, 2022 and July 3, 2021, respectively. Full Potential plan charges in the six months ended July 2, 2022 included a non-cash gain of $10,868, which is reflected in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Income, to adjust the valuation allowance related to the U.S. Sheer Hosiery business resulting from a decrease in carrying value due to changes in working capital. Full Potential plan charges in the six months ended July 3, 2021 included impairment charges of $7,302, which are reflected in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Income, related to the full impairment of an indefinite-lived trademark related to a specific brand within the European Innerwear business that was excluded from the disposal group as it was not marketed for sale.

In the third quarter of 2021, the Company recorded a charge for an action to resize its U.S. corporate office workforce through a voluntary retirement program which was included in restructuring and other action-related charges. At January 1, 2022, the accrual for employee termination and other benefits related to the Company's 2021 voluntary retirement program was $15,688. The Company made benefit payments and other accrual adjustments of $7,869 during the six months ended July 2, 2022, resulting in an ending accrual of $7,819 which is included in the "Accrued liabilities" line of the Condensed Consolidated Balance Sheets at July 2, 2022.

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 January 1, 2022, which were included in our Annual Report on Form 10-K filed with the SEC. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those included elsewhere in this Quarterly Report on Form 10-Q and those included in the "Risk Factors" section and elsewhere in our Annual Report on Form 10-K for the year ended January 1, 2022. In particular, statements with respect to trends associated with our business, our multi-year growth strategy ("Full Potential plan"), the impacts of the ransomware attack announced on May 31, 2022 and our future financial performance included in this MD&A include forward-looking statements.

Overview

Hanesbrands Inc. (collectively with its subsidiaries, "we," "us," "our," or the "Company") is a socially responsible leading marketer of everyday basic innerwear and activewear apparel in the Americas, Australasia, Europe and Asia under some of the world's strongest apparel brands, including *Hanes, Champion, Bonds, Bali, Maidenform, Playtex, Bras N Things, JMS/Just My Size, Alternative, Berlei, Wonderbra, Gear for Sports* and *Comfortwash.* We design, manufacture, source and sell a broad range of basic apparel such as T-shirts, bras, panties, shapewear, underwear, socks and activewear produced in our low-cost global supply chain. Our products are marketed to consumers shopping in mass merchants, mid-tier and department stores, specialty stores and the consumer-directed channel, which includes our owned retail locations, as well as e-commerce sites. Our brands hold either the number one or number two market position by units sold in many of the product categories and geographies in which we compete.

Our operations are managed and reported in three operating segments, each of which is a reportable segment for financial reporting purposes: Innerwear, Activewear and International. These segments are organized principally by product category and geographic location. Each segment has its own management team that is responsible for the operations of the segment's businesses, but the segments share a common supply chain and media and marketing platforms. Other consists of our U.S.-based outlet stores, U.S. Sheer Hosiery business and certain sales from our supply chain to the European Innerwear business which was sold on March 5, 2022.

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 in the global innerwear and global activewear 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 Full Potential plan focuses on four pillars to drive growth and enhance long-term profitability and identifies the initiatives to unlock growth. Our four pillars of growth are to grow the *Champion* brand globally, drive growth in Innerwear with brands and products that appeal to younger consumers, build e-commerce excellence across channels and streamline our global portfolio. In order to deliver this growth and create a more efficient and productive business model, we have launched a multi-year cost savings program intended to self-fund the investments necessary to achieve the Full Potential plan's objectives. We remain highly confident that our strong brand portfolio, world-class supply chain and diverse category and geographic footprint will help us unlock our full potential, deliver long-term growth and create stockholder value.

In the first quarter of 2021, we announced that we reached the decision to exit our European Innerwear business as part of our strategy to streamline our portfolio under our Full Potential plan and determined that this business met held-for-sale and discontinued operations accounting criteria. Accordingly, we began to separately report the results of our European Innerwear business as discontinued operations in our Condensed Consolidated Statements of Income, and to present the related assets and liabilities as held for sale in the Condensed Consolidated Balance Sheets. On November 4, 2021, we announced that we reached an agreement to sell our European Innerwear business to an affiliate of Regent, L.P. and completed the sale on March 5, 2022. See Note "Assets and Liabilities Held for Sale" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information.

In addition, in the fourth quarter of 2021, we reached the decision to divest our U.S. Sheer Hosiery business, including the *L'eggs* brand, as part of our strategy to streamline our portfolio under our Full Potential plan and determined that this business met held-for-sale accounting criteria. The related assets and liabilities are presented as held for sale in the Condensed Consolidated Balance Sheets at July 2, 2022 and January 1, 2022. The operations of our U.S. Sheer Hosiery business are reported in "Other" for all periods presented in Note "Business Segment Information" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q. We are currently exploring potential purchasers for this business and expect to complete the sale within the next 12 months. See Note "Assets and Liabilities Held for Sale" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information.

In June of 2022, we purchased the *Champion* trademark for footwear in the United States, Puerto Rico and Canada from Keds, LLC ("KEDS") for $103 million. The trademark was recorded in "Trademarks and other identifiable intangibles, net" line in the Condensed Consolidated Balance Sheets and has an indefinite life. We previously licensed the *Champion* trademark for footwear in these locations. The purchase of the trademark was part of an agreement with KEDS settling litigation between the two parties and is another step forward in our Full Potential plan of growing the global Champion brand.

Ransomware Attack

On May 24, 2022, we identified that we had become subject to a ransomware attack and activated our incident response and business continuity plans designed to contain the incident. As part of our forensic investigation and assessment of the impact, we determined that certain of our information technology systems were affected by the ransomware attack.

Upon discovering the incident, we took a series of measures to further safeguard the integrity of our information technology systems, including working with cybersecurity experts to contain the incident and implementing business continuity plans to restore and support continued operations. These measures also included resecuring data, remediation of the malware across infected machines, rebuilding critical systems, global password reset and enhanced security monitoring. We notified appropriate law enforcement authorities as well as certain data protection regulators, and will continue to evaluate and provide breach notifications or regulatory filings as may be required by applicable law as we continue our review of the scope and impact of the incident. At this time, we believe the incident has been contained. We have restored substantially all of our critical information technology systems, and manufacturing, retail and other internal operations continue. There is no ongoing operational impact 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 quarter and six months ended July 2, 2022, we incurred costs of approximately $15 million, net of expected insurance recoveries, related to the ransomware attack. The costs included $14 million related primarily to supply chain disruptions, which are reflected in the "Cost of sales" line of the Condensed Consolidated Statements of Income and $1 million, net of expected insurance recoveries, related primarily to information technology, legal and consulting fees, which are reflected in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Income in the quarter and six months ended July 2, 2022. The ransomware attack also negatively impacted our ability to order materials, make and ship orders, and process payments during the second quarter and six months ended July 2, 2022, resulting in estimated lost sales of approximately $100 million. We continue to assess the security event and cannot determine, at this time, the full extent of the impact from such event on our business, results of operations or financial condition or whether such impact will ultimately have a material adverse effect.

Impact of COVID-19 on Our Business

As the global impact of COVID-19 continues, our priority has been to protect the health and safety of our employees and customers around the world. To help mitigate the spread of the COVID-19 virus and in response to health advisories and governmental actions and regulations, we have modified our business practices and have implemented health and safety measures that are designed to protect employees in our corporate, retail, distribution and manufacturing facilities around the world.

The COVID-19 pandemic has impacted our business operations and financial results, as described in more detail under "Condensed Consolidated Results of Operations - Second Quarter Ended July 2, 2022 Compared with Second Quarter Ended July 3, 2021" and "Condensed Consolidated Results of Operations - Six Months Ended July 2, 2022 Compared with Six Months Ended July 3, 2021" below, primarily through reduced traffic and closures of Company-operated and third-party retail locations for portions of the second quarter and six months of 2021 in certain markets and global supply chain disruptions and inflation in all periods due to factory disruptions, port congestion, transportation delays as well as labor and container shortages which resulted in higher operating costs and higher levels of inflation. These global supply chain disruptions have delayed and are expected to continue to delay inventory orders and, in turn, deliveries to our wholesale customers and availability in our Company-operated stores and e-commerce sites. Supply chain disruptions resulted in the inability to fulfill certain customer orders which negatively impacted our net revenues. We anticipate these supply chain disruptions could impact our sales volumes in future periods. We have also incurred higher distribution costs including freight and labor costs to mitigate these delays. We continue to monitor these delays and other potential disruptions in our supply chain and will implement mitigation plans as needed. The future impact of the COVID-19 pandemic, supply chain disruptions and inflation remain highly uncertain, and our business and results of operations, including our net revenues, earnings and cash flows, could continue to be adversely impacted.

Outlook for 2022

We estimate our 2022 guidance as follows:

- Net sales of approximately $6.45 billion to $6.55 billion, net of approximately $165 million of unfavorable foreign currency exchange impact;
- Operating profit of approximately $570 million to $620 million, net of approximately $22 million of unfavorable foreign currency exchange impact;
- Full Potential plan-related charges of approximately $60 million included in operating profit;
- Interest expense and other expenses of approximately $161 million combined;
- An effective tax rate from continuing operations of approximately 17%;
- Diluted earnings per share from continuing operations of approximately $0.97 to $1.09;
- Cash flow from operating activities to be essentially breakeven; and
- Capital expenditures of approximately $150 million to $175 million.

Seasonality and Other Factors

Absent the effects of the COVID-19 pandemic, our operating results are typically subject to some variability due to seasonality and other factors. For instance, we have historically generated higher sales during the back-to-school and holiday shopping seasons and during periods of cooler weather, which benefits certain product categories such as fleece. 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 in response to anticipated consumer demand. Our customers may cancel orders, change delivery schedules or change the mix of products ordered with minimal notice to us. Media, advertising and promotion expenses may vary from period to period during a fiscal year depending on the timing of our advertising campaigns for retail selling seasons and product introductions.

Although the majority of our products are replenishment in nature and tend to be purchased by consumers on a planned, rather than on an impulse basis, our sales are impacted by discretionary consumer spending trends. Discretionary spending is affected by many factors that are outside our control, including, among others, general business conditions, interest rates, inflation, consumer debt levels, the availability of consumer credit, currency exchange rates, taxation, energy prices, unemployment trends and other matters that influence consumer confidence and spending. Consumers' purchases of discretionary items, including our products, could decline during periods when disposable income is lower, when prices increase in response to rising costs, or in periods of actual or perceived unfavorable economic conditions. 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 will 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 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 seasonal and replenishable activewear, fluctuate from time to time. In addition, sales attributable to higher and lower margin products within the same product category fluctuate from time to time. Our customers may change the mix of products ordered with minimal notice to us, which makes trends in product sales mix difficult to predict. However, certain changes in product sales mix are seasonal in nature, as sales of socks, hosiery and fleece products generally have higher sales during the last two quarters (July to December) of each fiscal year as a result of cooler weather, back-to-school shopping and holidays, while other changes in product mix may be attributable to consumers' preferences and discretionary spending.

Key Financial Results from the Second Quarter Ended July 2, 2022

Key financial results are as follows:

- Total net sales in the second quarter of 2022 were $1.51 billion, compared with $1.75 billion in the same period of 2021, representing a 14% decrease.
- Operating profit decreased 32% to $147 million in the second quarter of 2022, compared with $217 million in the same period of 2021. As a percentage of sales, operating profit was 9.7% in the second quarter of 2022 compared to 12.4% in the same period of 2021.
- Diluted earnings per share from continuing operations was $0.26 and $0.42 in the second quarters of 2022 and 2021, respectively.

Condensed Consolidated Results of Operations — Second Quarter Ended July 2, 2022 Compared with Second Quarter Ended July 3, 2021

	Quarters Ended			
	July 2, 2022	July 3, 2021	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 1,513,467	$ 1,751,311	$ (237,844)	(13.6)%
Cost of sales	941,366	1,069,682	(128,316)	(12.0)
Gross profit	572,101	681,629	(109,528)	(16.1)
Selling, general and administrative expenses	424,847	464,235	(39,388)	(8.5)
Operating profit	147,254	217,394	(70,140)	(32.3)
Other expenses	1,889	1,855	34	1.8
Interest expense, net	33,724	42,440	(8,716)	(20.5)
Income from continuing operations before income tax expense	111,641	173,099	(61,458)	(35.5)
Income tax expense	18,980	25,236	(6,256)	(24.8)
Income from continuing operations	92,661	147,863	(55,202)	(37.3)
Loss from discontinued operations, net of tax	(560)	(19,187)	18,627	(97.1)
Net income	$ 92,101	$ 128,676	$ (36,575)	(28.4)%

Net Sales

Net sales decreased 14% during the second quarter of 2022 versus the second quarter of 2021 primarily due to the following:

- The impact of the ransomware attack to the business;
- Softer point-of-sale trends;
- Global supply chain disruptions resulting in product delays;
- Ongoing COVID-related pressures on consumer traffic in certain markets in Asia; and
- The unfavorable impact from foreign currency exchange rates in our International business of approximately $38 million.

Partially offset by:

- Pricing actions taken in the first quarter of 2022 in Innerwear.

Operating Profit

Operating profit as a percentage of net sales was 9.7% during the second quarter of 2022, representing a decrease from 12.4% in the prior year. Operating margin decreased as a result of lower sales volume, input cost inflation and the impact from the ransomware attack partially offset by favorable business mix, first quarter price increases in Innerwear, savings in freight, and other cost savings. Included in operating profit in the second quarter of 2022 and 2021 were charges of $6 million and $19 million, respectively, related to the implementation of our Full Potential plan.

Other Highlights

Other Expenses – Other expenses increased slightly in the second quarter of 2022 compared to the second quarter of 2021 due to higher funding fees for sales of accounts receivable to financial institutions in 2022 offset by lower pension expense in 2022.

Interest Expense – Interest expense was lower by $9 million in the second quarter of 2022 compared to the second quarter of 2021 primarily due to lower weighted average outstanding debt balances and a lower weighted average interest rate on our borrowings during the second quarter of 2022 compared to the second quarter of 2021. Our weighted average interest rate on our outstanding debt was 3.63% for the second quarter of 2022 compared to 4.17% for the second quarter of 2021.

Income Tax Expense – Our effective income tax rate was 17.0% and 14.6% for the second quarters of 2022 and 2021, respectively. The higher effective tax rate for the second quarter of 2022 was primarily due to non-recurring discrete tax charges totaling $5 million for adjustments related to prior period tax returns and measurement of deferred tax liabilities.

Discontinued Operations – The results of our discontinued operations include the operations of our European Innerwear business which we reached the decision to exit at the end of the first quarter of 2021 in connection with our Full Potential plan. On March 5, 2022, we completed the sale of the European Innerwear business. See Note “Assets and Liabilities Held for Sale” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information.

Operating Results by Business Segment — Second Quarter Ended July 2, 2022 Compared with Second Quarter Ended July 3, 2021

	Net Sales			
	Quarters Ended			
	July 2, 2022	July 3, 2021	Higher (Lower)	Percent Change
	(dollars in thousands)			
Innerwear	$ 685,778	$ 780,650	$ (94,872)	(12.2)%
Activewear	330,400	404,189	(73,789)	(18.3)
International	424,189	478,923	(54,734)	(11.4)
Other	73,100	87,549	(14,449)	(16.5)
Total	$ 1,513,467	$ 1,751,311	$ (237,844)	(13.6)%

	Operating Profit and Margin					
	Quarters Ended					
	July 2, 2022		July 3, 2021		Higher (Lower)	Percent Change
	(dollars in thousands)					
Innerwear	$ 141,659	*20.7 %*	$ 186,169	*23.8 %*	$ (44,510)	(23.9)%
Activewear	22,857	*6.9*	41,047	*10.2*	(18,190)	(44.3)
International	55,953	*13.2*	61,900	*12.9*	(5,947)	(9.6)
Other	5,333	*7.3*	9,220	*10.5*	(3,887)	(42.2)
Corporate	(78,548)	*NM*	(80,942)	*NM*	2,394	(3.0)
Total	$ 147,254	*9.7 %*	$ 217,394	*12.4 %*	$ (70,140)	(32.3)%

Innerwear

Innerwear net sales decreased 12% compared to the second quarter of 2021 primarily due to business disruption as a result of the ransomware attack, softer point-of-sale trends, retail inventory reductions and last year’s one-time sales benefits from retailer restocking and government stimulus spending partially offset by pricing actions taken in the first quarter of 2022.

Innerwear operating margin was 20.7%, a decrease from 23.8% in the same period a year ago. The operating margin decline resulted from lower sales volume, unfavorable product mix and inflationary pressures partially offset by pricing actions and cost reductions.

Activewear

Activewear net sales decreased 18% compared to the second quarter of 2021 primarily due to softer point-of-sale trends, retailer inventory levels and business disruption as a result of the ransomware attack. The net sales decrease was partially offset by growth in the collegiate bookstore channel.

Activewear operating margin was 6.9%, a decrease from 10.2% in the same period a year ago. The operating margin decline resulted from lower sales volume, higher levels of inflation and increased brand marketing investments partially offset by cost reductions.

International

Net sales in the International segment decreased 11% due to unfavorable foreign currency exchange rates, operational challenges experienced from the ransomware attack during the quarter, lower consumer demand in Australia and ongoing COVID-related pressures on consumer traffic in certain markets in Asia. The unfavorable impact of foreign currency exchange rates decreased net sales approximately $38 million in the second quarter of 2022. International net sales on a constant currency basis, defined as net sales excluding the impact of foreign currency, decreased 3%. The impact of foreign currency exchange rates is calculated by applying prior period exchange rates to the current year financial results.

International operating margin was 13.2%, an increase from 12.9% in the same period a year ago. The increase in operating margin primarily resulted from disciplined expense management during the quarter.

Other

Other net sales decreased primarily as a result of decreased traffic at our retail outlets in the second quarter of 2022 compared to the second quarter of 2021. Operating margin decreased due to the decrease in sales volume primarily in our retail outlets.

We have continued certain sales from our supply chain to the European Innerwear business on a transitional basis after the sale of the business. These sales and the related profit are included in Other in all periods presented and have not been eliminated as intercompany transactions in consolidation for the period when the European Innerwear business was owned by us. See Note “Assets and Liabilities Held for Sale” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information.

Corporate

Corporate expenses were lower in the second quarter of 2022 compared to the second quarter of 2021 primarily due to lower restructuring and other action-related charges and lower variable compensation costs partially offset by increased expenses, net of expected insurance recoveries, related to the ransomware attack. During the quarter ended July 2, 2022, we incurred costs of approximately $15 million, net of expected insurance recoveries related to the ransomware attack which included $14 million related primarily to supply chain disruptions, which are reflected in the “Cost of sales” line of the Condensed Consolidated Statements of Income and $1 million, net of expected insurance recoveries, related primarily to information technology, legal and consulting fees, which are reflected in the “Selling, general and administrative expenses” line of the Condensed Consolidated Statements of Income. Included in restructuring and other action-related charges within operating profit in the second quarter of 2022 and 2021 were $6 million and $19 million, respectively, of charges related to the implementation of our Full Potential plan. Full Potential plan charges in the second quarter of 2022 included a non-cash gain of $4 million to adjust the valuation allowance related to the U.S. Sheer Hosiery business resulting from a decrease in carrying value due to changes in working capital.

	Quarters Ended	
	July 2, 2022	July 3, 2021
	(dollars in thousands)	
Restructuring and other action-related charges:		
Full Potential Plan:		
Professional services	$ 7,086	$ 13,804
Gain on classification of assets held for sale	(4,340)	—
Operating model	825	—
Supply chain segmentation	269	—
Technology	1,971	—
Other	569	4,860
Total included in operating profit	6,380	18,664
Tax benefit effect on actions	1,085	1,903
Total restructuring and other action-related charges	$ 5,295	$ 16,761

Condensed Consolidated Results of Operations — Six Months Ended July 2, 2022 Compared with Six Months Ended July 3, 2021

	Six Months Ended			
	July 2, 2022	July 3, 2021	Higher (Lower)	Percent Change
	(dollars in thousands)			
Net sales	$ 3,089,623	$ 3,259,340	$ (169,717)	(5.2)%
Cost of sales	1,933,344	1,975,030	(41,686)	(2.1)
Gross profit	1,156,279	1,284,310	(128,031)	(10.0)
Selling, general and administrative expenses	838,513	876,794	(38,281)	(4.4)
Operating profit	317,766	407,516	(89,750)	(22.0)
Other expenses	2,876	4,416	(1,540)	(34.9)
Interest expense, net	65,687	86,900	(21,213)	(24.4)
Income from continuing operations before income tax expense	249,203	316,200	(66,997)	(21.2)
Income tax expense	42,365	39,933	2,432	6.1
Income from continuing operations	206,838	276,267	(69,429)	(25.1)
Income (loss) from discontinued operations, net of tax	3,965	(410,853)	414,818	(101.0)
Net income (loss)	$ 210,803	$ (134,586)	$ 345,389	(256.6)%

Net Sales

Net sales decreased 5% during the six months of 2022 versus the six months of 2021 primarily due to the following:

- The impact of the ransomware attack to the business;
- Softer point-of-sale trends;
- Global supply chain disruptions resulting in product delays;
- Ongoing COVID-related pressures on consumer traffic in certain markets in Asia; and

- The unfavorable impact from foreign currency exchange rates in our International business of approximately $68 million.

Partially offset by:

- Pricing actions taken in the first quarter of 2022 in Innerwear; and
- Strong consumer demand in Europe and the Americas.

Operating Profit

Operating profit as a percentage of net sales was 10.3% for the six months of 2022, representing a decrease from 12.5% in the prior year. Operating margin decreased as a result of lower sales volume, input cost inflation, impact from the ransomware attack, higher transportation and distribution costs and increased Full Potential-related investments in brand marketing and technology partially offset by favorable business mix, first quarter price increases in Innerwear and cost savings. Included in operating profit in the six months of 2022 and 2021 were charges of $11 million and $38 million, respectively, related to the implementation of our Full Potential plan.

Other Highlights

Other Expenses – Other expenses decreased $2 million in the six months of 2022 compared to the same period in 2021 due to lower pension expense partially offset by higher funding fees for sales of accounts receivable to financial institutions in 2022.

Interest Expense – Interest expense was lower by $21 million in the six months of 2022 compared to the same period in 2021, primarily due to lower weighted average outstanding debt balances and a lower weighted average interest rate on our borrowings during the six months of 2022. Our weighted average interest rate on our outstanding debt was 3.14% for the six months of 2022, compared to 4.12% for the six months of 2021.

Income Tax Expense – Our effective income tax rate was 17.0% and 12.6% for the six months of 2022 and 2021, respectively. The higher effective tax rate for the six months of 2022 was primarily due to a non-recurring discrete tax benefit for the release of reserves for unrecognized tax benefits totaling $7 million, partially offset by a discrete charge for changes in valuation allowances of $4 million during the six months of 2021.

Discontinued Operations – The results of our discontinued operations include the operations of our European Innerwear business which we reached the decision to exit at the end of the first quarter of 2021 in connection with our Full Potential plan. On March 5, 2022, we completed the sale of the European Innerwear business. See Note “Assets and Liabilities Held for Sale” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information.

Operating Results by Business Segment — Six Months Ended July 2, 2022 Compared with Six Months Ended July 3, 2021

	Net Sales			
	Six Months Ended			
	July 2, 2022	July 3, 2021	Higher (Lower)	Percent Change
	(dollars in thousands)			
Innerwear	$ 1,264,725	$ 1,351,085	$ (86,360)	(6.4)%
Activewear	717,337	768,192	(50,855)	(6.6)
International	934,318	985,184	(50,866)	(5.2)
Other	173,243	154,879	18,364	11.9
Total	$ 3,089,623	$ 3,259,340	$ (169,717)	(5.2)%

	Operating Profit and Margin					
	Six Months Ended					
	July 2, 2022		July 3, 2021		Higher (Lower)	Percent Change
	(dollars in thousands)					
Innerwear	$ 243,805	*19.3 %*	$ 313,586	*23.2 %*	$ (69,781)	(22.3)%
Activewear	71,841	*10.0*	101,641	*13.2*	(29,800)	(29.3)
International	145,391	*15.6*	149,080	*15.1*	(3,689)	(2.5)
Other	4,662	*2.7*	11,106	*7.2*	(6,444)	(58.0)
Corporate	(147,933)	*NM*	(167,897)	*NM*	19,964	(11.9)
Total	$ 317,766	*10.3 %*	$ 407,516	*12.5 %*	$ (89,750)	(22.0)%

Innerwear

Innerwear net sales decreased 6% compared to the six months of 2021 primarily due to business disruption as a result of the ransomware attack, softer point-of-sale trends, retail inventory reductions and last year's one-time sales benefits from retailer restocking and government-stimulus spending partially offset by pricing actions taken in the first quarter of 2022.

Innerwear operating margin was 19.3%, a decrease from 23.2% in the same period a year ago. The operating margin decline resulted from lower sales volume, unfavorable product and channel mix, inflationary pressures and increased distribution costs resulting from expedited freight to service new retail space gains partially offset by pricing actions and cost reductions.

Activewear

Activewear net sales decreased 7% compared to the six months of 2021 primarily due to softer point-of-sale trends, retailer inventory levels and business disruption as a result of the ransomware attack. The net sales decrease was partially offset by growth in the collegiate bookstore channel.

Activewear operating margin was 10.0%, a decrease from 13.2% in the same period a year ago. The operating margin decline resulted from lower sales volume, higher levels of inflation, unfavorable product mix and increased brand marketing investments partially offset by cost reductions.

International

Net sales in the International segment decreased 5% compared to the six months of 2021 due to unfavorable foreign currency exchange rates, operational challenges experienced from the ransomware attack during the second quarter, global supply chain disruptions resulting in product delays in Australia and ongoing COVID-related pressures on consumer traffic in certain markets in Asia partially offset by growth in Europe and the Americas. The unfavorable impact of foreign currency exchange rates decreased net sales approximately $68 million in the six months of 2022. International net sales on a constant currency basis, defined as net sales excluding the impact of foreign currency, increased 2%. The impact of foreign currency exchange rates is calculated by applying prior period exchange rates to the current year financial results.

International operating margin was 15.6%, an increase from 15.1% in the same period a year ago. Operating margin improved primarily resulting from favorable sales mix and disciplined expense management.

Other

Other net sales increased primarily due to increased sales from our supply chain to the European Innerwear business partially offset by lower sales at our retail outlets during the six months of 2022 compared to the six months of 2021. We have continued certain sales from our supply chain to the European Innerwear business on a transitional basis after the sale of the business. These sales and the related profit are included in Other in all periods presented and have not been eliminated as intercompany transactions in consolidation for the period when the European Innerwear business was owned by us. See Note "Assets and Liabilities Held for Sale" to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information. Operating margin decreased due to the decrease in sales volume primarily in our retail outlets.

Corporate

Corporate expenses were lower in the six months of 2022 compared to the six months of 2021 primarily due to lower restructuring and other action-related charges and lower variable compensation costs partially offset by increased expenses, net of expected insurance recoveries, related to the ransomware attack which occurred during the second quarter of 2022. During the six months ended July 2, 2022, we incurred costs of approximately $15 million, net of expected insurance recoveries, related to the ransomware attack which included $14 million related primarily to supply chain disruptions, which are reflected in the "Cost of sales" line of the Condensed Consolidated Statements of Income and $1 million, net of expected insurance recoveries, related primarily to information technology, legal and consulting fees, which are reflected in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Income. Included in restructuring and other action-related charges within operating profit in the six months of 2022 and 2021 were $11 million and $38 million, respectively, of charges related to the implementation of our Full Potential plan. Full Potential plan charges in the six months of 2022 included a non-cash gain of $11 million to adjust the valuation allowance related to the U.S. Sheer Hosiery business resulting from a decrease in carrying value due to changes in working capital. Full Potential plan charges in the six months of 2021 included impairment charges of $7 million related to the full impairment of an indefinite-lived trademark related to a specific brand within the European Innerwear business that was excluded from the disposal group.

	Six Months Ended	
	July 2, 2022	July 3, 2021
	(dollars in thousands)	
Restructuring and other action-related charges:		
Full Potential Plan:		
Professional services	$ 14,994	$ 25,510
Gain on classification of assets held for sale	(10,868)	—
Operating model	(1,094)	—
Supply chain segmentation	1,289	—
Technology	6,430	—
Impairment of intangible assets	—	7,302
Other	431	5,245
Total included in operating profit	11,182	38,057
Discrete tax benefits	—	7,295
Tax benefit effect on actions	1,901	5,910
Total benefit included in income tax expense	1,901	13,205
Total restructuring and other action-related charges	$ 9,281	$ 24,852

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. Our primary uses of cash are payments to our employees and vendors in the normal course of business, capital expenditures, maturities of debt and related interest payments, contributions to our pension plans, repurchases of our stock, regular quarterly dividend payments and income tax payments.

Based on our current estimate 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 one year from the issuance of these financial statements based on our current expectations and forecasts.

Our sources of liquidity are cash generated from global operations and cash available under our Revolving Loan Facility, our accounts receivable securitization facility (the "ARS Facility") and our other international credit facilities.

We had the following borrowing capacity and available liquidity under our credit facilities as of July 2, 2022:

	As of July 2, 2022	
	Borrowing Capacity	Available Liquidity
	(dollars in thousands)	
Senior Secured Credit Facility:		
Revolving Loan Facility[1]	$ 1,000,000	$ 634,940
Accounts Receivable Securitization Facility[2]	163,284	58,584
Other international credit facilities	49,786	23,798
Total liquidity from credit facilities	$ 1,213,070	$ 717,322
Cash and cash equivalents		247,922
Total liquidity		$ 965,244

(1) A portion of the Revolving Loan Facility is available to be borrowed in Euros or Australian dollars.
(2) Borrowing availability under the ARS Facility is subject to a quarterly fluctuating facility limit, not to exceed $225 million, and permitted only to the extent that the face of the receivables in the collateral pool, net of applicable concentrations, reserves and other deductions, exceeds the outstanding loans.

The following have impacted or may impact our liquidity:

- The COVID-19 pandemic which resulted in supply chain disruptions and inflationary pressures has had, and may continue to have, a negative impact on our business.
- For the six months ended July 2, 2022, we entered into transactions to repurchase approximately 1.6 million shares of our common stock at a total cost of $25 million including broker's commissions. At July 2, 2022, the remaining repurchase authorization under our current share repurchase program announced on February 2, 2022 totaled approximately $575 million.
- We have historically paid a regular quarterly dividend. The declaration of any future dividends and, if declared, the amount of any such dividends, will be subject to our actual future earnings, capital requirements, regulatory restrictions, debt covenants, other contractual restrictions and to the discretion of our Board of Directors.
- We have principal and interest obligations under our debt and ongoing financial covenants under those debt facilities.
- We have invested in efforts to accelerate worldwide omnichannel and global growth initiatives, as well as marketing and brand building.
- We have launched a multi-year cost savings program intended to self-fund the investments necessary to achieve our Full Potential plan's objectives.
- We expect capital investments of approximately $150 million to $175 million in 2022.
- In the future, we may pursue strategic business acquisitions or divestitures.
- We expect to have no required cash contributions to our U.S. pension plan in 2022 based on a preliminary calculation by our actuary but we may elect to make 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 $579 million.

Sources and Uses of Our Cash

The information presented below regarding the sources and uses of our cash flows for the six months ended July 2, 2022 and July 3, 2021 was derived from our condensed consolidated interim financial statements.

	Six Months Ended	
	July 2, 2022	July 3, 2021
	(dollars in thousands)	
Operating activities	$ (441,074)	$ 212,256
Investing activities	(146,364)	(15,939)
Financing activities	316,306	(413,921)
Effect of changes in foreign exchange rates on cash	(41,575)	(16,780)
Change in cash, cash equivalents and restricted cash	(312,707)	(234,384)
Cash, cash equivalents and restricted cash at beginning of year	560,629	910,603
Cash, cash equivalents and restricted cash at end of period	$ 247,922	$ 676,219
Balances included in the Condensed Consolidated Balance Sheets:		
Cash and cash equivalents	$ 247,922	$ 667,298
Cash and cash equivalents included in current assets held for sale	—	8,921
Cash and cash equivalents at end of period	$ 247,922	$ 676,219

Operating Activities

Our overall liquidity has historically been driven by our cash flow provided by operating activities, which is dependent on net income and changes in our working capital. As compared to the prior year, higher net cash used by operating activities was due to changes in working capital primarily inventory due to business disruption as a result of the ransomware attack, softer point-of-sale trends, supply chain disruptions and inflationary increases partially offset by improvement in accounts receivable and lower pension plan contributions in the six months of 2022. Net cash from operating activities includes a $40 million contribution to our U.S. pension plan made in the first quarter of 2021.

Investing Activities

The increase in cash used by investing activities in the six months of 2022 compared to the six months of 2021 was primarily the result of the purchase of the *Champion* trademark for footwear in the United States, Puerto Rico and Canada from Keds, LLC for $103 million, the sale of the European Innerwear business which resulted in an $11 million cash outflow and an increase in capital investments into our business.

Financing Activities

Net cash from financing activities increased in the six months of 2022 primarily as a result of increased borrowings on our ARS Facility and our Revolving Loan Facility coupled with the repayment of the outstanding balance of Term Loan B in the six months of 2021, which consisted of a required excess cash flow prepayment of $239 million and a voluntary prepayment of $61 million. Net cash from financing activities in the six months of 2022 also included shares repurchased at a total cost of $25 million and Term Loan A scheduled payments of $13 million.

Financing Arrangements

In June 2022, we amended the ARS Facility. This amendment primarily increased the fluctuating facility limit to $225 million (previously $175 million) and extended the maturity date to June 2023. Additionally, the amendment changed our interest rate option as defined in the ARS Facility from the rate announced from time to time by PNC Bank, N.A. as its prime rate or the London Interbank Offered Rate to the rate announced from time to time by PNC Bank, N.A. as its prime rate or the Secured Overnight Financing Rate and increased certain receivables to the pledged collateral pool for the facility.

We believe our financing structure provides a secure base to support our operations and key business strategies. As of July 2, 2022, we were in compliance with all financial covenants under our credit facilities and other outstanding indebtedness. Under the terms of our 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 for at least one year from the issuance date of these financial statements based on our current expectations and forecasts, however economic conditions or the occurrence of events discussed under “Risk Factors” in our Annual Report on Form 10-K for the year ended January 1, 2022 and in this Quarterly Report on Form 10-Q or other SEC filings could cause noncompliance.

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 January 1, 2022.

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 January 1, 2022. There have been no material changes in these policies from those described in our Annual Report on Form 10-K for the year ended January 1, 2022.

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 January 1, 2022.

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 July 2, 2022.

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.

However, on May 24, 2022, we identified that we had become subject to a ransomware attack impacting certain of our information technology systems and activated our incident response and business continuity plans designed to contain the incident. See Note “Basis of Presentation – Ransomware Attack” to our condensed consolidated interim financial statements included in this Quarterly Report on Form 10-Q for additional information. As a result of the ransomware attack, we performed additional tests of controls and manual compensating controls.

PART II

Item 1. ***Legal Proceedings***

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

Item 1A. *Risk Factors*

The information presented below supplements the risk factors set forth in our Annual Report on Form 10-K for the year ended January 1, 2022 (the "Form 10-K"). In addition to the risk factors set forth below, refer to Part I, Item 1A., Risk Factors, in the Form 10-K for information regarding other factors that could affect our results of operations, financial condition and liquidity. 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, or results of operations.

Any inadequacy, interruption, integration failure or security breach with respect to our information technology could harm our ability to effectively operate our business and have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our ability to effectively manage and operate our business depends significantly on information technology systems. The failure of these systems to operate effectively and support global growth and expansion, problems with integrating various data sources, challenges in transitioning to upgraded or replacement systems, difficulty in integrating new systems or systems of acquired businesses, or a breach in security of these systems could adversely impact the operations of our business.

Despite our policies, procedures and programs designed to ensure the integrity of our information technology systems, we may not be effective in identifying and mitigating every risk to which we are exposed. Furthermore, from time to time we rely on information technology systems which may be managed, hosted, provided and/or accessed by third parties or their vendors to assist in conducting our business. Such relationships and access may create difficulties in anticipating and implementing adequate preventative measures or fully mitigating harms after a breach.

Hackers and data thieves are increasingly sophisticated and operate large-scale and complex attacks that may include computer viruses or other malicious codes, ransomware, unauthorized access attempts, denial of service attacks and large-scale automated attacks, phishing, social engineering, hacking and other cyber-attacks. For example, on May 24, 2022, we identified that we had become subject to a ransomware attack and activated our incident response and business continuity plans designed to contain the incident. We notified appropriate law enforcement authorities as well as certain data protection regulators, and will continue to evaluate and provide breach notifications or regulatory filings as may be required by applicable law as we continue our review of the scope and impact of the incident. During the quarter and six months ended July 2, 2022, we incurred costs of approximately $15 million, net of expected insurance recoveries, related to the ransomware attack. The costs included $14 million related primarily to supply chain disruptions, which are reflected in the "Cost of sales" line of the Condensed Consolidated Statements of Income and $1 million, net of expected insurance recoveries, related primarily to information technology, legal and consulting fees, which are reflected in the "Selling, general and administrative expenses" line of the Condensed Consolidated Statements of Income. The ransomware attack also negatively impacted our ability to order materials, make and ship orders, and process payments during the second quarter and six months ended July 2, 2022, resulting in estimated lost sales of approximately $100 million. We continue to assess the security event and cannot determine, at this time, the full extent of the impact from such event on our business, results of operations or financial condition or whether such impact will ultimately have a material adverse effect.

This ransomware attack, as well as any other breach of our network or databases, or those of our third-party providers, may result in the loss of valuable business data, misappropriation of our consumers' or employees' personal information, or a disruption of our business, which could give rise to unwanted media attention, impair our ability to order materials, make and ship orders, and process payments, materially damage our customer relationships and reputation, and result in lost sales, significant costs, increased insurance premiums, fines or lawsuits.

Moreover, there are numerous laws and regulations regarding privacy and the storage, sharing, use, processing, transfer, disclosure and protection of personal data, the scope of which is changing, subject to differing interpretations, and may be inconsistent between states within a country or between countries. Globally, new and emerging laws, such as the General Data Protection Regulation ("GDPR") and the Network and Information Systems Directive ("NISD") in Europe, the United Kingdom General Data Protection Regulation ("UK-GDPR") in the United Kingdom, state laws in the U.S. on privacy, data and related technologies, such as the California Consumer Privacy Act and the recently passed California Privacy Rights Act create new compliance obligations and expand the scope of potential liability, either jointly or severally with our customers and suppliers. Non-compliance with these laws could result in penalties or significant legal liability. Although we take reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that we will not be subject to regulatory action, including fines, in the event of a data security incident. We or our third-party service providers could be adversely affected if legislation or regulations are expanded to require changes in our or our third-party service providers' business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our or our third-party service providers' business, results of operations or financial condition. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings, and potentially significant monetary penalties, against us by governmental entities or others, damage to our reputation and credibility, and could have a negative impact on revenues and profits.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm, or legal liability.

We have a complex global supply chain and distribution network that supports our ability to consistently provide our products to our customers. Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, tsunami, terrorist attack, pandemic, other natural or man-made disaster or cybersecurity incident (including the ransomware attack announced May 31, 2022), our continued success will depend, in part, on the safety and availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other systems and operations. Climate change serves as a risk multiplier increasing both the frequency and severity of natural disasters that may affect our worldwide business operations. Therefore, forecasting disruptive events and building additional resiliency into our operations accordingly will become an increasing business imperative.

We may experience operational challenges in the event of any such disaster, in particular depending upon how a local or regional event may affect our human capital across our operations or with regard to particular aspects of our operations, such as key executive officers or personnel in our technology group. If we cannot respond to disruptions in our operations, for example, by finding alternative suppliers or replacing capacity at key manufacturing or distribution locations, or cannot quickly repair damage to our information, production or supply systems, we may be late in delivering, or be unable to deliver, products to our customers. These events could result in, among other negative impacts, reputational damage, significant costs increased insurance premiums, lost sales, cancellation charges or excessive markdowns.

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

None.

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

None.

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

Not applicable.

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.2	Articles Supplementary (Junior Participating Preferred Stock, Series A) (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 5, 2006).
3.3	Articles of Amendment to Articles of Amendment and Restatement of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 28, 2015).
3.4	Articles Supplementary (Reclassifying Junior Participating Preferred Stock, Series A) (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 2, 2015).
3.5	Amended and Restated Bylaws of Hanesbrands Inc. (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 26, 2017).
10.1	Form of Severance/Change in Control Agreement entered into by and between Hanesbrands Inc. and certain of its executive officers and schedule of all such agreements with current executive officers.*
31.1	Certification of Stephen B. Bratspies, Chief Executive Officer.
31.2	Certification of Michael P. Dastugue, Chief Financial Officer.
32.1	Section 1350 Certification of Stephen B. Bratspies, Chief Executive Officer.
32.2	Section 1350 Certification of Michael P. Dastugue, Chief Financial Officer.
101.INS XBRL	Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH XBRL	Taxonomy Extension Schema Document
101.CAL XBRL	Taxonomy Extension Calculation Linkbase Document
101.LAB XBRL	Taxonomy Extension Label Linkbase Document
101.PRE XBRL	Taxonomy Extension Presentation Linkbase Document
101.DEF XBRL	Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

* Management contract or compensatory plans or arrangements.

SIGNATURES

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

HANESBRANDS INC.

By: /s/ Michael P. Dastugue

Michael P. Dastugue
Chief Financial Officer
(Duly authorized officer and principal financial officer)

Date: August 11, 2022

SEVERANCE/CHANGE IN CONTROL AGREEMENT

THIS SEVERANCE/CHANGE IN CONTROL AGREEMENT (the "*Agreement*"), is made and entered into this ___ day of __________, by and between **Hanesbrands Inc.**, a Maryland corporation (the "*Company*"), and _________ ("*Executive*").

WHEREAS, *Executive* is an employee of *Company*, *Company* desires to foster the continuous employment of *Executive* and has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of *Executive* to his duties free from distractions which could arise in anticipation of an involuntary termination of employment or a *Change in Control* of *Company*;

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, *Company* and *Executive* agree as follows:

1. **Term and Nature of Agreement.** This *Agreement* shall commence on the date it is fully executed ("*Execution Date*") by all parties and shall continue in effect unless the *Company* gives at least eighteen (18) months prior written notice that this *Agreement* will not be renewed. In the event of such notice, this *Agreement* will expire on the next anniversary of the *Execution Date* that is at least eighteen (18) months after the date of such notice. Notwithstanding the foregoing, if a *Change in Control* occurs during any term of this *Agreement*, the term of this *Agreement* shall be extended automatically for a period of twenty-four (24) months after the end of the month in which the *Change in Control* occurs. Except to the extent otherwise provided, the parties intend for this *Agreement* to be construed and enforced as an unfunded welfare benefit plan under the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), including without limitation the jurisdictional provisions of ERISA.

2. **Involuntary Termination Benefits**. *Executive* shall be eligible for severance benefits upon an involuntary termination of employment under the terms and conditions specified in this section 2.

a. **Eligibility for Severance.**

i. **Eligible Terminations**. Subject to subparagraph (a)(ii) below, *Executive* shall be eligible for severance payments and benefits under this section 2 if his employment terminates under one of the following circumstances:

A. *Executive's* employment is terminated involuntarily without *Cause* (defined in subparagraph 2(a)(ii)(A)); or

B. *Executive* terminates his or her employment at the request of *Company*.

ii. **Ineligible Terminations**. Notwithstanding subparagraph (a)(i) next above, *Executive* shall not be eligible for any severance payments or benefits under this section 2 if his employment terminates under any of the following circumstances:

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

B. A termination as the result of *Disability.* For purposes of this *Agreement "Disability"* shall mean a determination under *Company's* disability plan covering *Executive* that *Executive* is disabled;

C. A termination due to death;

D. A termination due to *Voluntary Retirement*. For purposes of this *Agreement,* "*Voluntary Retirement"* means a voluntary termination of employment, other than at the request of the *Company,* after *Executive* has attained age fifty (50);

E. A voluntary termination of employment other than at the request of *Company*;

F. A termination following which *Executive* is immediately offered and accepts new employment with *Company*, or becomes a non-executive member of the Board;

G. The transfer of *Executive's* employment to a subsidiary or affiliate of *Company* with his consent;

H. A termination of employment that qualifies *Executive* to receive severance payments or benefits under section 3 below following a *Change in Control*; or

I. Any other termination of employment under circumstances not described in subparagraph 2(a)(i).

iii. **Characterization of Termination**. The characterization of *Executive's* termination shall be made by the *Committee* (as defined in section 5 below) which determination shall be final and binding.

iv. **Termination Date**. For purposes of this section 2, *Executive's* "*Termination Date*" shall mean the date on which *Executive* terminates employment with *Company* and its subsidiaries and affiliates, as specified in the separation and release agreement described under section 2(e) below.

b. **Severance Benefits Payable**. If *Executive* is terminated under circumstances described in subparagraph 2(a)(i), and not described in subparagraph 2(a)(ii), then in lieu of any benefits payable under any other severance plan of the *Company* of any type and in consideration of the separation and release agreement and the covenants contained herein, the following shall apply:

i. *Executive* shall be entitled to receive his *Base Salary* (the "*Salary Portion of Severance*") during the "*Severance Period,* "payable as provided in section 2(c). The "*Severance Period"* shall mean the number of months determined by multiplying the number of *Executive's* full years of employment with *Company* or any subsidiary or affiliate of *Company* by two; provided, however, that in no event shall the *Severance Period* be less than twelve months or more than twenty-four months. "*Base Salary"* shall mean the annual salary in effect for *Executive* immediately prior to his *Termination Date.*

ii. *Executive* shall receive a pro-rata amount (determined based upon the number of days from the first day of the *Company's* current fiscal year to *Executive's Termination Date* divided by the total number of days in the applicable performance period and based on actual performance and achievement of any performance goals) of:

A. The annual incentive, if any, payable under the *Annual Incentive Plan* in effect with respect to the fiscal year in which the *Termination Date* occurs based on actual fiscal year performance (the "*Annual Incentive Portion of Severance*"). "*Annual Incentive Plan"* means the Hanesbrands Inc. annual incentive plan in which *Executive* participates as of the *Termination Date*; and

B. The long-term incentive, if any, payable under the *Omnibus Plan* in effect on *Executive's Termination Date* for any performance period or cycle that is at least fifty (50) percent completed prior to *Executive's Termination Date* and which relates to the period of his service prior to his *Termination Date*. The "*Omnibus Plan"* means the Hanesbrands Inc. 2020 Omnibus Incentive Plan, as amended from time to time, and any successor plan or plans. The long-term incentive described in this section ("*Long-Term Cash Incentive Plan*") includes cash long-term incentives, but does not include stock options, RSUs, or other equity awards.

Such amounts shall be payable as provided in section 2(c). Treatment of stock options, RSUs, or other equity awards shall be determined pursuant to *Executive's* award agreement(s). *Executive* shall not be eligible for any new *Annual Incentive Plan* grants, *Long-Term Cash Incentive Plan* grants, or any other grants of stock options, RSUs, or other equity awards under the *Omnibus Plan* during the *Severance Period*.

iii. Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, he shall pay the entire COBRA premium charged for such continuation coverage during the *Severance Period*; provided, however, that during the *Severance Period Company* shall reimburse *Executive*, on a taxable basis if so elected by *Company*, for that portion of the COBRA premium paid that exceeds the amount payable by an active executive of *Company* for similar coverage, as adjusted from time to time. Such reimbursement shall be made to *Executive* on the 20th day of each calendar month during the *Severance Period,* or within ten (10) business days thereafter. The amount eligible for reimbursement under this subparagraph in any calendar year shall not affect any amounts eligible for reimbursement to be provided in any other calendar year. In addition, *Executive's* right to reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit. Executive's right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of medical and dental coverage otherwise provided pursuant to this subparagraph. The premium charged for any continuation coverage after the end of the *Severance Period* shall be entirely at *Executive's* expense and shall be the actuarially determined cost of the continuation coverage as determined by an actuary selected by the *Company* (in accordance with the requirements under COBRA, to the extent applicable). *Executive* shall not be entitled to reimbursement of any portion of the premium charged for such coverage after the end of the *Severance Period. Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* has attained age fifty (50) and completed five (5) years of service with *Company* and its subsidiaries and affiliates (or would attain age fifty (50) and complete five (5) years of service if the *Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in the Hanesbrands Inc. Choice Fund Open Access Plus HRA – Extended Medical Plan (or its successor) in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to Executive unless he elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different (greater) than the premium charged an active employee for similar coverage.

iv. Except as otherwise provided herein or in the applicable plan**,** participation in all other *Company* plans available to similarly situated senior executives including but not limited to, qualified pension plans, stock purchase plans, matching grant programs, 401(k) plans and ESOPs, personal accident insurance, travel accident insurance, short and long term disability insurance, and accidental death and dismemberment insurance, shall cease on *Executive's Termination Date*. During the *Severance Period, Company* shall continue to maintain life insurance covering *Executive* under *Company's Executive Life Insurance Plan* in accordance with its terms. If *Executive* has attained age fifty-five (55) and completed ten (10) years of service with *Company* and its subsidiaries and affiliates, or would have if the *Severance Period* is considered as employment, then *Company* will continue to pay the premiums (or prepay the entire premium) so that *Executive* has a paid-up life insurance benefit equal to his annual salary on his *Termination Date*.

c. **Payment of Severance**.

i. **Salary Portion.** The *Salary Portion of Severance* shall be paid as follows:

A. That portion of the *Salary Portion of Severance* that exceeds the "S*eparation Pay Limit,"* if any*,* shall be paid to *Executive* in a lump sum payment as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the *Termination Date*. The *"Separation Pay Limit*" shall mean two (2) times the lesser of (1) the sum of *Executive's* annualized compensation based upon the annual rate of pay for services provided to *Company* for the calendar year immediately preceding the calendar year in which the *Termination Date* occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if *Executive* had not terminated employment); and (2) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under *Code* section 401(a)(17) for the year in which the *Termination Date* occurs. The payment to be made to *Executive* pursuant to this subparagraph (A) is intended to be exempt from *Section 409A* (as defined in section 15) under the exemption found in Regulation section 1.409A-(b)(4) for short-term deferrals.

B. The remaining portion of the *Salary Portion of Severance* shall be paid during the *Severance Period* in accordance with *Company's* payroll schedule, with the first installment payable in the first payroll falling on or after the sixtieth (60^{th}) day following the *Termination Date*, with such first installment to include any amount that would have been paid in the period between the *Termination Date* and the date of such payroll. Notwithstanding the foregoing, in no event shall such remaining portion of the *Salary Portion of Severance* be paid to *Executive* later than December 31 of the second calendar year following the calendar year in which *Executive's Termination Date* occurs. The payment(s) to be made to *Executive* pursuant to this subparagraph (B) are intended to be exempt from *Code section 409A* (as defined in section 15) under the exemption found in Regulation section 1.409A-(b)(9)(iii) for separation pay plans (i.e., the so-called "two times" pay exemption). Notwithstanding the foregoing, to the extent permitted under *Section 409A*, the *Committee* may elect to pay such remaining *Salary Portion of Severance* in a lump sum payment or a combination of regular payments and a lump sum payment. Any such lump sum payment shall be paid to *Executive* as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the *Termination Date*.

ii. **Incentive Portion.** The *Annual Incentive Portion of Severance*, if any, shall be paid in cash on the same date the active participants under the *Annual Incentive Plan* are paid. The *Long-Term Cash Incentive Plan* payout, if any, shall be paid in the same form and on the same date the active participants under the *Omnibus Plan* are paid.

iii. **Withholding.** All payments hereunder shall be reduced by such amount as *Company* (or any subsidiary or affiliate of *Company*) may be required under all applicable federal, state, local or other laws or regulations to withhold or pay over with respect to such payment.

d. **Termination of Benefits**. Notwithstanding any provisions in this *Agreement* to the contrary, all rights to receive or continue to receive severance payments and benefits under this section 2 shall cease on the earliest of: (i) the date *Executive* breaches any of the covenants in the separation and release agreement described in section 2(e); or (ii) the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

e. **Separation and Release Agreement**. No benefits under this section 2 shall be payable to *Executive* unless *Executive* and *Company* have executed and *Executive* has delivered to *Company* a separation and release agreement (in substantially the form attached hereto as Exhibit A) within forty-five (45) days following the *Termination Date* and the release therein shall have become effective in accordance with its terms, and the payment of severance benefits under this section 2 shall be subject to the terms and conditions of the separation and release agreement.

f. **Death of Executive**. In the event that *Executive* shall die prior to the payment in full of any benefits described above as payable to *Executive* for involuntary termination, payments of such benefits shall cease on the date of *Executive's* death.

3. **Change in Control Benefits**.

a. **Eligibility for Change in Control Benefits**.

i. **Terminations**. If (A) within three (3) months preceding a *Change in Control*, *Executive's* employment is terminated by *Company* at the request of a third party in contemplation of a *Change in Control*, (B) within twenty-four (24) months following a *Change in Control, Executive*'s employment is terminated by *Company* other than on account of *Executive's* death, *Disability* or *Voluntary Retirement* and other than for *Cause,* or (C) within twenty-four (24) months following a *Change in Control Executive* voluntarily terminates his employment for *Good Reason, Executive* shall be entitled to the *Change in Control* benefits as described in section 3(b) below.

ii. **Good Reason**. For purposes of this section 3, *"Good Reason"* means the occurrence of any one or more of the following (without *Executive's* written consent after a *Change in Control*):

A. A material adverse change in *Executive's* duties or responsibilities;

B. A reduction in *Executive's* annual base salary except any reduction of not more than ten (10) percent;

C. A material reduction in *Executive's* level of participation in *Company's* short- and/or long-term incentive compensation plans, or employee benefit or retirement plans, policies, practices or arrangements in which *Executive* participates, except for any reduction applicable to all senior executives;

D. The failure of any successor to *Company* to assume and agree to perform this Agreement; or

E. *Company's* requiring *Executive* to be based at an office location which is at least fifty (50) miles from his or her office location at the time of the *Change in Control.*

The existence of *Good Reason* shall not be affected by *Executive's* temporary incapacity due to physical or mental illness not constituting a *Disability*. *Executive's Voluntary Retirement* shall constitute a waiver of his or her rights with respect to any circumstance that would otherwise constitute *Good Reason*. *Executive's* continued employment shall not constitute a waiver of his or her rights with respect to any circumstances which may constitute *Good Reason*; provided, however, that *Executive* may not rely on any particular action or event described in clause (A) through (E) above as a basis for terminating his employment for *Good Reason* unless he delivers a *Notice of Termination* based on that action or event within ninety (90) days after its occurrence and *Company* has failed to correct the circumstances cited by *Executive* as constituting *Good Reason* within thirty (30) days of receiving the *Notice of Termination*.

iii. **Change in Control.** For purposes of this *Agreement*, a *"Change in Control"* will occur:

A. Upon the acquisition by any individual, entity or group, including any *Person* (as defined in the United States Securities Exchange Act of 1934, as amended (the "*Exchange Act*")), of beneficial ownership (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of twenty (20) percent or more of the combined voting power of the then outstanding capital stock of *Company* that by its terms may be voted on all matters submitted to stockholders of *Company* generally ("*Voting Stock*"); provided, however, that the following acquisitions shall not constitute a *Change in Control*:

1. Any acquisition directly from *Company* (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from *Company*);

2. Any acquisition by *Company*;

3. Any acquisition by an employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*; or

4. Any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving *Company*, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (1), (2) and (3) of subparagraph 3(a)(iii)(B) below shall be satisfied; and provided further that, for purposes of clause (2) immediately above, if (i) any *Person* (other than *Company* or any employee benefit plan (or related trust) sponsored or maintained by *Company* or any corporation controlled by *Company*) shall become the beneficial owner of twenty (20) percent or more of the *Voting Stock* by reason of an acquisition of *Voting Stock* by *Company*, and (ii) such *Person* shall, after such acquisition by *Company*, become the beneficial owner of any additional shares of the *Voting Stock* and such beneficial ownership is publicly announced, then such additional beneficial ownership shall constitute a *Change in Control*; or

B. Upon the consummation of a reorganization, merger or consolidation of *Company*, or a sale, lease, exchange or other transfer of all or substantially all of the assets of *Company*; excluding, however, any such reorganization, merger, consolidation, sale, lease, exchange or other transfer with respect to which, immediately after consummation of such transaction:

1. All or substantially all of the beneficial owners of the *Voting Stock* of *Company* outstanding immediately prior to such transaction continue to beneficially own, directly or indirectly (either by remaining outstanding or by being converted into voting securities of the entity resulting from such transaction), more than fifty (50) percent of the combined voting power of the voting securities of the entity resulting from such transaction (including, without limitation, *Company* or an entity which as a result of such transaction owns *Company* or all or substantially all of *Company's* property or assets, directly or indirectly) (the "*Resulting Entity* ") outstanding immediately after such transaction, in substantially the same proportions relative to each other as their ownership immediately prior to such transaction; and

2. No *Person* (other than any *Person* that beneficially owned, immediately prior to such reorganization, merger, consolidation, sale or other disposition, directly or indirectly, *Voting Stock* representing twenty (20) percent or more of the combined voting power of *Company's* then outstanding securities) beneficially owns, directly or indirectly, twenty (20) percent or more of the combined voting power of the then outstanding securities of the *Resulting Entity*; and

3. At least a majority of the members of the board of directors of the entity resulting from such transaction were members of the board of directors of *Company* (the "*Board* ") at the time of the execution of the initial

agreement or action of the *Board* authorizing such reorganization, merger, consolidation, sale or other disposition; or

C. Upon the consummation of a plan of complete liquidation or dissolution of Company; or

D. When the *Initial Directors* cease for any reason to constitute at least a majority of the *Board*. For this purpose, an "*Initial Director*" shall mean those individuals serving as the directors of *Company* as of the date of this *Agreement*; provided, however, that any individual who becomes a director of *Company* at or after the first annual meeting of stockholders of *Company* following the date of this *Agreement* whose election, or nomination for election by *Company's* stockholders, was approved by the vote of at least a majority of the *Initial Directors* then comprising the *Board* (or by the nominating committee of the *Board*, if such committee is comprised of *Initial Directors* and has such authority) shall be deemed to have been an *Initial Director*; and provided further, that no individual shall be deemed to be an *Initial Director* if such individual initially was elected as a director of *Company* as a result of: (1) an actual or threatened solicitation by a *Person* (other than the *Board*) made for the purpose of opposing a solicitation by the *Board* with respect to the election or removal of directors; or (2) any other actual or threatened solicitation of proxies or consents by or on behalf of any *Person* (other than the *Board*).

iv. **Termination Date.** For purposes of this section 3, "*Termination Date*" shall mean the date on which *Executive* terminates employment with *Company* and its subsidiaries and affiliates, as specified in the *Notice of Termination*.

b. **Change in Control Benefits**. In the event *Executive* becomes entitled to receive benefits under this section 3, the following shall apply:

i. In consideration of *Executive's* covenant in section 4 below, *Executive* shall be entitled to receive the following amounts, payable as provided in section 3(j):

A. A lump sum payment equal to the unpaid portion of *Executive's* annual *Base Salary* and vacation accrued through the *Termination Date*;

B. A lump sum payment equal to *Executive's* prorated *Annual Incentive Plan* payment;

C. A lump sum payment equal to *Executive's* prorated *Long-Term Cash Incentive Plan* payment, if any; and

D. A lump sum payment equal to two times the sum of (1) *Executive's* annual *Base Salary*; and (2) the greater of (i) *Executive's* target annual incentive (as defined in the *Annual Incentive Plan*) for the year in which the *Change in Control* occurs and (ii) *Executive's* average annual incentive calculated over the three (3) fiscal years immediately preceding the year in which the *Change in Control* occurs; and (3) an amount equal to the *Company* matching contribution to the defined contribution plan in which *Executive* is participating at the *Termination Date*.

Treatment of stock options, RSUs, or other equity awards shall be determined pursuant to *Executive's* award agreement(s). *Executive* shall not be eligible for any new *Annual Incentive Plan* grants, *Long-Term Cash Incentive Plan* grants, or any other grants of stock options, RSUs, or other equity awards under the *Omnibus Plan* with respect to the *CIC Severance Period* as defined immediately below.

ii. For a period of 24 months following *Executive's Termination Date* (the "*CIC Severance Period* "), *Executive* shall have the right to elect continuation of the life insurance, personal accident insurance, travel accident insurance and accidental death and dismemberment insurance coverages which insurance coverages shall be provided at the same levels and the same costs in effect immediately prior to the *Change in Control.* Beginning on his *Termination Date*, *Executive* shall be eligible to elect continued coverage under the group medical and dental plan available to similarly situated senior executives. If *Executive* elects continuation coverage for medical coverage, dental coverage or both, he shall pay the entire COBRA premium charged for such continuation coverage during the *CIC* S*everance Period*; provided, however, that during the *CIC Severance Period, Company* shall reimburse *Executive,* on a taxable basis if so elected by *Company*, for that portion of the COBRA premium paid that exceeds the amount payable by an active executive of *Company* for similar coverage, as adjusted from time to time. Such reimbursement shall be made to *Executive* on the 20th day of each calendar month during the *CIC Severance Period,* or within ten (10) business days thereafter. The amount eligible for reimbursement under this subparagraph in any calendar year shall not affect any amounts eligible for reimbursement to be provided in any other calendar year. In addition, *Executive's* right to reimbursement hereunder shall not be subject to liquidation or exchange for any other benefit. *Executive's* right to COBRA continuation coverage under any such group health plan shall be reduced by the number of months of coverage otherwise provided pursuant to this subparagraph. The premium charged for any continuation coverage after the end of the *CIC Severance Period* shall be entirely at *Executive's* expense and shall be the actuarially determined cost of the continuation coverage as determined by an actuary selected by the Company (in accordance with the requirements under COBRA, to the extent applicable). *Executive* shall not be entitled to reimbursement of any portion of the premium charged for such coverage after the end of the *CIC Severance Period. Executive's* COBRA continuation coverage shall terminate in accordance with the COBRA continuation of coverage provisions under *Company's* group medical and dental plans. If *Executive* has attained age fifty (50) and completed five (5) years of service with *Company* and its subsidiaries and affiliates (or would attain age fifty (50) and complete five (5) years of service if the *CIC Severance Period* is considered as employment), then, after exhausting any COBRA continuation coverage under the group medical plan, *Executive* may elect to participate in the Hanesbrands Inc. Choice Fund Open Access Plus HRA – Extended Medical Plan (or its successor) in accordance with the terms and conditions of such plan in effect on and after *Executive's Termination Date*; provided, that such retiree medical coverage shall not be available to *Executive* unless he elects such coverage within thirty (30) days following his *Termination Date*. The premium charged for such retiree medical coverage may be different from the premium charged an active employee for similar coverage.

iii. If the aggregate benefits accrued by *Executive* as of the *Termination Date* under the savings and retirement plans sponsored by *Company* are not fully vested pursuant to the terms of the applicable plan(s), the difference between the benefits *Executive* is entitled to receive under such plans and the benefits he would have received had he been fully vested will be provided to *Executive* under the Hanesbrands Inc. Supplemental Employee Retirement Plan (the *"Supplemental Plan"*). In addition, for purposes of determining *Executive's* benefits under the *Supplemental Plan* and *Executive's* right to post-retirement medical benefits under the Hanesbrands Inc. Choice Fund Open Access Plus HRA – Extended Medical Plan (or its successor), additional years of age and service credits equivalent to the length of the *CIC Severance Period* shall be included. However, *Executive* will not be eligible to begin receiving any retirement benefits under any such plans until the date he would otherwise be eligible to begin receiving benefits under such plans.

iv. Except as otherwise provided herein or in the applicable plan, participation in all other plans of *Company* or any subsidiary or affiliate of *Company* available to similarly situated executives of *Company*, shall cease on *Executive's Termination Date*.

c. **Termination for Disability**. If *Executive's* employment is terminated due to *Disability* following a *Change in Control*, *Executive* shall receive his *Base Salary* through the *Termination Date*, at which time his benefits shall be determined in accordance with *Company's* disability, retirement, insurance and other applicable plans and programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

d. **Termination for Retirement or Death**. If *Executive's* employment is terminated by reason of his *Voluntary Retirement* or death following a *Change in Control*, *Executive's* benefits shall be determined in accordance with *Company's* retirement, survivor's benefits, insurance, and other applicable programs then in effect, and *Executive* shall not be entitled to any other benefits provided by this *Agreement*.

e. **Termination for Cause, or Other Than for Good Reason or Retirement**. If *Executive's* employment is terminated either by *Company* for *Cause*, or voluntarily by *Executive* (other than for *Good Reason*) following a *Change in Control*, *Company* shall pay *Executive* his full *Base Salary* and accrued vacation through the *Termination Date*, at the rate then in effect, plus all other amounts to which such *Executive* is entitled under any compensation plans of *Company*, at the time such payments are due, and *Company* shall have no further obligations to such *Executive* under this *Agreement*.

f. **Separation and Release Agreement**. No benefits under this section 3 shall be payable to *Executive* unless *Executive* and *Company* have executed and *Executive* has delivered to *Company* a "*Separation and Release Agreement"* (in substantially the form attached hereto as Exhibit A) within forty-five (45) days following the *Termination Date* and the release therein shall have become effective in accordance with its terms, and the payment of change in control benefits under this section 3 shall be subject to the terms and conditions of the *Separation and Release Agreement*.

g. **Deferred Compensation**. All amounts previously deferred by or accrued to the benefit of *Executive* under any nonqualified deferred compensation plan sponsored by *Company* (including, without limitation, any vested amounts deferred under incentive plans), together with any accrued earnings thereon, shall be paid in accordance with the terms of such plan following *Executive's* termination.

h. **Notice of Termination**. Any termination of employment under this section 3 by *Company* or by *Executive* for *Good Reason* shall be communicated by a written notice which shall indicate the specific *Change in Control* termination provision relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of *Executive's* employment under the provision so indicated (a "*Notice of Termination*").

i. **Termination of Benefits**. All rights to receive or continue to receive severance payments and benefits pursuant to this section 3 by reason of a *Change in Control* shall cease on the date *Executive* becomes reemployed by *Company* or any of its subsidiaries or affiliates.

j. **Form and Timing of Benefits**. Subject to the provisions of this section 3, the *Change in Control* benefits described herein shall be paid to *Executive* in cash in a single lump sum payment as soon as practicable following the *Termination Date*, but in no event later than the fifteenth day of the third month after the date of the *Executive's* termination of employment. The *Change in Control* benefits payable to *Executive* pursuant to this subparagraph (j) are intended to be exempt from *Section 409A* (as defined in section 15) under the exemption found in Regulation section 1.409A-(b)(4) for short-term deferrals.

k. **Excise Tax Adjustment.** Subject to the limitation below, in the event that *Executive* becomes entitled to any payment or benefit under this section 3 (such benefits together with any other payments or benefits payable under any other agreement with, or plan or policy of, *Company* are referred to in the aggregate as the "*Total Payments*"), if all or any part of the *Total Payments* will, as determined by *Company*, be subject to the tax (the "*Excise Tax*") imposed by *Code* section 4999 (or any similar tax that may hereafter be imposed), then such payment shall be either: (i) provided to *Executive* in full, or (ii) provided to *Executive* to such lesser extent as would result in no portion of such payment being subject to such *Excise Tax*, whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, such *Excise Tax*, and any other applicable taxes, results in the receipt by *Executive*, on an after-tax basis, of the greatest amount of the payment, notwithstanding that all or some portion of such payment may be taxable under such *Excise Tax*. To the extent such payment needs to be reduced pursuant to the preceding sentence, reductions shall come from taxable amounts before non-taxable amounts and beginning with the payments otherwise scheduled to occur soonest. *Executive* agrees to cooperate fully with *Company* to determine the benefits applicable under this section. For purposes of determining whether any of the *Total Payments* will be subject to the *Excise Tax*, and the amounts of such *Excise Tax*, the following shall apply:

   i. Any other payments or benefits received or to be received by *Executive* in connection with a *Change in Control* or *Executive's* termination of employment (whether pursuant to the terms of this *Agreement* or any other plan, policy, arrangement or agreement with *Company*, or with any *Person* whose actions result in a *Change in Control* or any *Person* affiliated with *Company* or such *Persons*) shall be treated as "parachute payments" within the meaning of *Code* section 280G(b)(2), and all "excess parachute payments" within the meaning of *Code* section 280G(b)(1) shall be treated as subject to the *Excise Tax*, unless in the opinion of *Company's* tax counsel as supported by *Company's* independent auditors and acceptable to *Executive*, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of *Code* section 280G(b)(4) in excess of the base amount within the meaning of *Code* section 280G(b)(3), or are otherwise not subject to the *Excise Tax;*

   ii. The value of any noncash benefits or any deferred payment or benefit shall be determined by *Company's* independent auditors in accordance with the principles of *Code* sections 280G(d)(3) and (4); and

   iii. *Executive* shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation, and state and local income taxes at the highest marginal rate of taxation in the state and locality of *Executive's* residence on the *Termination Date*, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

l. **Company's Payment Obligation.** Subject to the provisions of section 4, *Company's* obligation to make the payments and the arrangements provided in this section 3 shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which *Company* may have against *Executive* or anyone else. All amounts payable by *Company* under this section 3 shall be paid without notice or demand and each and every payment made by *Company* shall be final, and *Company* shall not seek to recover all or any part of such payment from *Executive* or from whomsoever may be entitled thereto, for any reason except as provided in section 3(k) above or in section 4.

m. **Other Employment.** *Executive* shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under this section 3, and the obtaining of any such other employment shall in no event result in any reduction of *Company's* obligations to make the payments and arrangements required to be made under this section 3, except to the extent otherwise specifically provided in this *Agreement*.

n. **Payment of Legal Fees and Expenses.** To the extent permitted by law, *Company* shall reimburse *Executive* for all reasonable legal fees, costs of litigation or arbitration, prejudgment or pre-award interest, and other expenses incurred in good faith by *Executive* as a result of *Company's* refusal to provide benefits under this section 3, or as a result of *Company* contesting the validity, enforceability or interpretation of the provisions of this section 3, or as the result of any conflict (including conflicts related to the calculation of parachute payments or the characterization of *Executive's* termination) between *Executive* and *Company*; provided that the conflict or dispute is resolved in *Executive's* favor and *Executive* acts in good faith in pursuing his rights under this section 3.

Such reimbursement shall be made within thirty (30) days following final resolution, in favor of *Executive*, of the conflict or dispute giving rise to such fees and expenses. In no event shall *Executive* be entitled to receive the reimbursements provided for in this subparagraph if he acts in bad faith or pursues a claim without merit, or if he fails to prevail in any action instituted by him or *Company.*

o. **Arbitration for Change in Control Benefits**. Any dispute or controversy arising under or in connection with the benefits provided under this section 3 shall promptly and expeditiously be submitted to arbitration in accordance with the Commercial **Arbitration** Rules of the American Arbitration Association in effect at the time of such arbitration proceeding utilizing a panel of three (3) arbitrators sitting in a location selected by *Executive* within fifty (50) miles from the location of his employment with *Company*. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The costs and expenses of both parties, including, without limitation, attorneys' fees shall be borne by *Company*. Pending the resolution of any such dispute, controversy or claim, *Executive* (and his beneficiaries) shall, except to the extent that the arbitrator otherwise expressly provides, continue to receive all payments and benefits due under this section 3.

4. **Remedies.** In the event of any actual or threatened breach of the provisions of this *Agreement* or any separation and release agreement, the party who claims such breach or threatened breach shall give the other party written notice and, except in the case of a breach which is not susceptible to being cured, ten calendar days in which to cure. In the event of a breach of any provision of this *Agreement* or any separation and release agreement by Executive, (i) *Executive* shall reimburse *Company*: the full amount of any payments made under section 2(b)(i), (ii) or (iii) or section 3(b)(i) of this *Agreement* (as the case may be), (ii) *Company* shall have the right, in addition to and without waiving any other rights to monetary damages or other relief that may be available to *Company* at law or in equity, to immediately discontinue any remaining payments due under subparagraph 2(b)(i), (ii) or (iii) or subparagraph 3(b)(i) of this *Agreement* (as the case may be) including but not limited to any remaining *Salary Portion of Severance* payments, and (iii) the *Severance Period* or the *CIC Severance Period* (as the case may be) shall thereupon cease, provided that *Executive's* obligations under, if applicable, any separation and release agreement shall continue in full force and effect in accordance with their terms for the entire duration of the *Severance Period* or *CIC Severance Period* as applicable. In addition, *Executive* acknowledges that *Company* will suffer irreparable injury in the event of a breach or violation or threatened breach or violation of the provisions of this *Agreement* or any separation and release agreement and agrees that in the event of an actual or threatened breach or violation of such provisions, in addition to the other remedies or rights available to under this *Agreement* or otherwise, *Company* shall be awarded injunctive relief in the federal or state courts located in North Carolina to prohibit any such violation or breach or threatened violation or breach, without necessity of posting any bond or security.

5. **Committee**. Except as specifically provided herein, this *Agreement* shall be administered by the Compensation and Benefits Committee of the *Board* (the "*Committee").* The *Committee* may delegate any administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of severance/*Change in Control* benefits, to designated individuals or committees.

6. **Claims Procedure**. If *Executive* believes that he is entitled to receive severance benefits under this *Agreement*, he may file a claim in writing with the *Committee* within ninety (90) days after the date such *Executive* believes he should have received such benefits. No later than ninety (90) days after the receipt of the claim, the *Committee* shall either allow or deny the claim in writing. A denial of a claim, in whole or in part, shall be written in a manner calculated to be understood by *Executive* and shall include the specific reason or reasons for the denial; specific reference to the pertinent provisions of this *Agreement* on which the denial is based; a description of any additional material or information necessary for *Executive* to perfect the claim and an explanation of why such material or information is necessary; and an explanation of the claim review procedure. *Executive* (or his duly authorized representative) may within sixty 60 days after receipt of the denial of his claim request a review upon written application to the *Committee*; review pertinent documents; and submit issues and comments in writing. The *Committee* shall notify *Executive* of its decision on review within sixty (60) days after receipt of a request for review unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one-hundred twenty (120) days after receipt of a request for review. Notice of the decision on review shall be in writing. The *Committee* 's decision on review shall be final and binding on *Executive* and any successor in interest. If *Executive* subsequently wishes to file a claim under section 502(a) of ERISA, any legal action must be filed within ninety (90) days of the *Committee's* final decision. *Executive* must exhaust the claims procedure provided in this section 6 before filing a claim under ERISA with respect to any benefits provided under section 2 of this *Agreement*.

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

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

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

10. **Waiver.** Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition.

11. **Entire Agreement Modifications.** This *Agreement* (including all exhibits hereto) constitutes the entire agreement of the parties with respect to the subject matter hereof and supersede all prior agreements, oral and written, between the parties hereto with respect to the subject matter hereof. In the event of any inconsistency between any provision of this *Agreement* and any provision of any plan, employee handbook, personnel manual, program, policy, arrangement or agreement of *Company* or any of its subsidiaries or affiliates, the provisions of this *Agreement* shall control. This *Agreement* may be modified or amended only by an instrument in writing signed by both parties.

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

13. **Survivorship.** Except as otherwise set forth in this *Agreement*, to the extent necessary to carry out the intentions of the parties hereunder the respective rights and obligations of the parties hereunder shall survive any termination of *Executive's* employment.

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

15. **Compliance with Code Section 409A.** To the extent applicable, it is intended that the payment of benefits described in this *Agreement* comply with *Code* section 409A and all guidance or regulations thereunder ("*Section 409A* "), or qualify for an exemption from *Section 409A* (e.g., the short-term deferral exception and the "two times" pay exemption applicable to severance payments). This *Agreement* will, to the extent subject to *Section 409A,* at all times be construed in a manner to comply with *Section 409A* and should

any provision be found not in compliance with *Section 409A*, *Executive* hereby agrees to any changes to the terms of this *Agreement* deemed necessary and required by legal counsel for *Company* to achieve compliance with *Section 409A,* including any applicable exemptions. By signing a copy of this *Agreemen*t, *Executive* irrevocably waives any objections he may have to any changes that may be required by *Section 409A*. In no event will any payment that becomes payable pursuant to this *Agreement* that is considered "deferred compensation" within the meaning of *Section 409A*, if any, and does not satisfy any of the applicable exemptions under *Section 409A*, be accelerated in violation of *Section 409A*. To the extent that any amount payable hereunder upon *Executive's* termination of employment is subject to *Section 409A*, payment shall not be made until *Executive* incurs a "separation from service," as defined in *Section 409A*, from *Company*. If *Executiv*e is a "specified employee" as defined in *Section 409A*, any payment that becomes payable upon his termination of employment pursuant to this *Agreement* that is considered "deferred compensation" within the meaning of *Section 409A* and does not satisfy any of the applicable exemptions under *Section 409A* may not be made before the date that is six months after *Executive's* separation from service (or death, if earlier). To the extent *Executive* becomes subject to the six-month delay rule, all payments that would have been made to *Executive* during the six months following his separation from service that are not otherwise exempt from *Section 409A,* if any, will be accumulated and paid to *Executive* during the seventh month following his separation from service, and any remaining payments due will be made in their ordinary course as described in this *Agreement*. *Compan*y will notify *Executive* should he become subject to the six-month delay rule. For purposes of *Section 409A*, any right to receive any installment payments pursuant to this *Agreement* shall be treated as a right to receive a series of separate and distinct payments.

IN WITNESS WHEREOF, *Company* and *Executive* have duly executed and delivered this *Agreement* as of the day and year first above written.

EXECUTIVE

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HANESBRANDS INC.

By:__
Title:

Exhibit A

MODEL FORM

SEPARATION AND RELEASE AGREEMENT

Hanesbrands Inc. ("*Company*") and **[NAME]** ("*Executive*") enter into this Separation and Release Agreement which was received by Executive on the ___ day of ______, 20__, signed by Executive on the ______ day of ______, 20__, and is effective on the ______ day of ______, 20__ (the "*Effective Date*"). The Effective Date shall be no less than 7 days after the date signed by Executive.

WITNESSETH:

WHEREAS, Executive has been employed by the Company as a ______; and

WHEREAS, Executive's employment with the Company is terminated as of ______, 200__ (the "*Termination Date*"); and

WHEREAS, pursuant to that certain Severance/Change in Control Agreement between Company and Executive dated ______, 2020 (the "*Change in Control Agreement*"), upon a termination of Executive's employment that satisfies the conditions specified in the Change in Control Agreement, Executive is entitled to the benefits described in the Change in Control Agreement provided Executive executes a separation and release agreement acceptable to Company; and

WHEREAS, this separation and release agreement (the "*Agreement*") is intended to satisfy the requirements of the Change in Control Agreement and to form a part of the Change in Control Agreement in such a manner that all the rights, duties and obligations arising between Executive and Company, including, but in no way limited to, any rights, duties and obligations that have arisen or might arise out of or are in any way related to Executive's employment with the Company and the conclusion of that employment are settled herein through the joinder of the Change in Control Agreement with this Agreement.

NOW, THEREFORE, in consideration of the obligations of the parties under the Change in Control Agreement and the additional covenants and mutual promises herein contained, it is further agreed as follows:

1. **Termination Date**. Executive agrees to resign Executive's employment and all appointments Executive holds with Company, and its subsidiaries and affiliates, on the Termination Date. Executive understands and agrees that Executive's employment with the Company will conclude on the close of business on the Termination Date.

2. **Termination Benefits**. Executive and Company agree that Executive shall receive the benefits described in the Change in Control Agreement, less all applicable withholding taxes and other customary payroll deductions, provided in the Change in Control Agreement.

3. **Receipt of Other Compensation**. Executive acknowledges and agrees that, other than as specifically set forth in the Change in Control Agreement or this Agreement, following the Termination Date, Executive is not and will not be due any compensation, including, but not limited to, compensation for unpaid salary (except for amounts unpaid and owing for Executive's employment with Company, its subsidiaries or affiliates prior to the Termination Date), unpaid bonus, severance and accrued or unused vacation time or vacation pay from the Company or any of its subsidiaries or affiliates. Except as provided herein or in the Change in Control Agreement, Executive will not be eligible to participate in any of the benefit plans of the Company after Executive's Termination Date. However, Executive will be entitled to receive benefits which are vested and accrued prior to the Termination Date pursuant to the employee benefit plans of the Company. Any participation by Executive (if any) in any of the compensation or benefit plans of the Company as of and after the Termination Date shall be subject to and determined in accordance with the terms and conditions of such plans, except as otherwise expressly set forth in the Change in Control Agreement or this Agreement.

4. **Continuing Cooperation**. Following the Termination Date, Executive agrees to cooperate with all reasonable requests for information made by or on behalf of Company with respect to the operations, practices and policies of the Company. In connection with any such requests, the Company shall reimburse Executive for all out-of-pocket expenses reasonably and necessarily incurred in responding to such request(s).

5. **Executive's Representation and Warranty**. Executive hereby represents and warrants that, during Executive's period of employment with the Company, Executive did not willfully or negligently breach Executive's duties as an employee or officer of the

Company, did not commit fraud, embezzlement, or any other similar dishonest conduct, and did not violate the Company's business standards.

6. **Non-Solicitation and Non-Compete.** In consideration of the benefits provided under this Agreement and in the Change in Control Agreement, Executive agrees that during Executive's employment and for the duration of the applicable Severance Period as determined pursuant to the terms of the Change in Control Agreement, Executive will not, without the prior written consent of Company, either alone or in association with others, (a) solicit for employment or assist or encourage the solicitation for employment, any employee of Company, or any of its subsidiaries or affiliates, (b) induce or attempt to induce any customer (i) with whom Executive or any employee under Executive's direct supervision had material contact during the last two years of Executive's employment with the Company or (ii) about whom Executive obtained trade secrets or confidential information in the course of Executive's employment with the Company to cease or reduce doing business with the Company or any of its subsidiaries or affiliates, or interfere with the relationship between the Company or any of its subsidiaries or affiliates, on the one hand, and any such customer, on the other hand, or (c) within the Territory, directly or indirectly counsel, advise, perform services for, or be employed by, or otherwise engage or participate in, in each case, in any capacity that is similar to the capacity in which Executive provided services to the Company or that could require the performance of duties or functions similar to those performed as an employee of the Company, any Competing Business (regardless of whether Executive receives compensation of any kind). For purposes of this Agreement, a "*Competing Business*" shall mean any commercial activity which competes or is reasonably likely to compete with any business that the Company conducts, or demonstrably anticipates conducting, at any time during Executive's employment. The "*Territory*" shall mean (i) anywhere in the world in which the Company or any of its subsidiaries or affiliates engaged in commercial operations during the last two years of Executive's employment with the Company, including (without limitation) the United States of America, Canada, Mexico, France, Australia, New Zealand, Japan, Italy, Germany, Spain, the United Kingdom, Brazil, China, and/or the Caribbean Basin and (ii) any geographic area with respect to which Executive had direct or indirect responsibility during the last two years of Executive's employment. Executive may rely on a written communication from the Company's Chief Executive Officer or Chief Legal Officer regarding a determination by the Company that the provisions of this paragraph 6 would not prohibit specified activities proposed to be undertaken by Executive.

7. **Confidentiality**. At all times after the Effective Date, Executive will maintain the confidentiality of all information in whatever form concerning Company or any of its subsidiaries or affiliates relating to its or their businesses, customers, finances, strategic or other plans, marketing, employees, trade practices, trade secrets, know-how or other matters which are not generally known outside Company or any of its subsidiaries or affiliates, and Executive will not, directly or indirectly, make any disclosure thereof to anyone, or make any use thereof, on Executive's own behalf or on behalf of any third party, unless specifically requested by or agreed to in writing by an executive officer of Company. In addition, Executive agrees that Executive will not disclose the existence or terms of this Agreement to any third parties with the exception of Executive's accountants, attorneys, or spouse, and shall ensure that none of them discloses such existence or terms to any other person, except as required to comply with law. Executive will promptly return to Company all reports, files, memoranda, records, computer equipment and software, credit cards, cardkey passes, door and file keys, computer access codes or disks and instructional manuals, and other physical or personal property which Executive received or prepared or helped prepare in connection with Executive's employment and Executive will not retain any copies, duplicates, reproductions or excerpts thereof. The obligations of this paragraph 7 shall survive the expiration of this Agreement. Notwithstanding any other provision of this Agreement, Executive is not prohibited from (i) providing truthful testimony or accurate information in connection with any investigation being conducted into the business or operations of the Company by any government agency or other regulator that is responsible for enforcing a law on behalf of the government or (ii) otherwise providing information to the appropriate government agency regarding conduct or action undertaken or omitted to be taken by the Company that Executive reasonably believes is illegal or in non-compliance with any financial disclosure or other legal or regulatory requirement applicable to the Company, or from making any other disclosures that are protected under the whistleblower provisions of applicable law or regulation; provided, that in making any such disclosures, Executive agrees to take all reasonable precautions to prevent any unauthorized use or disclosure of any confidential information to any parties other than the relevant government agencies. Additionally, Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive (A) files any document containing trade secrets under seal; and (B) does not disclose trade secrets, except pursuant to court order. Executive is not required to obtain the approval of, or give notice to, the Company or any of its representatives to take any action permitted under this Section 7.

8. **Non-Disparagement**. At all times after the Effective Date, Executive will not disparage or criticize, orally or in writing, the business, products, policies, decisions, directors, officers or employees of Company or any of its subsidiaries or affiliates to any person. Company also agrees that none of its executive officers will disparage or criticize Executive to any person or entity. The obligations of this paragraph 8 shall survive the expiration of this Agreement.

9. **Breach of Agreement**. Any actual or threatened breach of this Agreement will be handled as provided in the Change in Control Agreement.

10. **Release**.

a. Executive on behalf of Executive, Executive's heirs, executors, administrators and assigns, does hereby knowingly and voluntarily release, acquit and forever discharge Company and any of its subsidiaries, affiliates, successors, assigns and past, present and future directors, officers, employees, trustees and shareholders (the "Released Parties") from and against any and all complaints, claims, cross-claims, third-party claims, counterclaims, contribution claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses of any nature whatsoever, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which, at any time up to and including the date on which Executive signs this Agreement, exists, have existed, or may arise from any matter whatsoever occurring, including, but not limited to, any claims arising out of or in any way related to Executive's employment with Company or its subsidiaries or affiliates and the conclusion thereof, which Executive, or any of Executive's heirs, executors, administrators, assigns, affiliates, and agents ever had, now has or at any time hereafter may have, own or hold against any of the Released Parties based on any matter existing on or before the date on which Executive signs this Agreement. Executive acknowledges that in exchange for this release, Company is providing Executive with total consideration, financial or otherwise, which exceeds what Executive would have been given without the release. By executing this Agreement, Executive is waiving, without limitation, all claims (except for the filing of a charge with an administrative agency) against the Released Parties arising under federal, state and local labor and antidiscrimination laws, any employment related claims under the employee Retirement Income Security Act of 1974, as amended, and any other restriction on the right to terminate employment, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, as amended, and the North Carolina Equal Employment Practices Act, as amended. Nothing herein shall release any party from any obligation under this Agreement. Executive acknowledges and agrees that this release and the covenant not to sue set forth in paragraph (c) below are essential and material terms of this Agreement and that, without such release and covenant not to sue, no agreement would have been reached by the parties and no benefits under the Change in Control Agreement would have been paid. Executive understands and acknowledges the significance and consequences of this release and this Agreement.

b. EXECUTIVE SPECIFICALLY WAIVES AND RELEASES THE RELEASED PARTIES FROM ALL CLAIMS EXECUTIVE MAY HAVE AS OF THE DATE EXECUTIVE SIGNS THIS AGREEMENT REGARDING CLAIMS OR RIGHTS ARISING UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, 29 U.S.C. § 621 ("ADEA"). EXECUTIVE FURTHER AGREES: (i) THAT EXECUTIVE'S WAIVER OF RIGHTS UNDER THIS RELEASE IS KNOWING AND VOLUNTARY AND IN COMPLIANCE WITH THE OLDER WORKERS BENEFIT PROTECTION ACT OF 1990; (ii) THAT EXECUTIVE UNDERSTANDS THE TERMS OF THIS RELEASE; (iii) THAT EXECUTIVE'S WAIVER OF RIGHTS IN THIS RELEASE IS IN EXCHANGE FOR CONSIDERATION THAT WOULD NOT OTHERWISE BE OWING TO EXECUTIVE PURSUANT TO ANY PREEXISTING OBLIGATION OF ANY KIND HAD EXECUTIVE NOT SIGNED THIS RELEASE; (iv) THAT EXECUTIVE HEREBY IS AND HAS BEEN ADVISED IN WRITING BY COMPANY TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE; (v) THAT COMPANY HAS GIVEN EXECUTIVE A PERIOD OF AT LEAST TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER THIS RELEASE; (vi) THAT EXECUTIVE REALIZES THAT FOLLOWING EXECUTIVE'S EXECUTION OF THIS RELEASE, EXECUTIVE HAS SEVEN (7) DAYS IN WHICH TO REVOKE THIS RELEASE BY WRITTEN NOTICE TO THE UNDERSIGNED, AND (vii) THAT THIS ENTIRE AGREEMENT SHALL BE VOID AND OF NO FORCE AND EFFECT IF EXECUTIVE CHOOSES TO SO REVOKE, AND IF EXECUTIVE CHOOSES NOT TO SO REVOKE, THAT THIS AGREEMENT AND RELEASE THEN BECOME EFFECTIVE AND ENFORCEABLE UPON THE EIGHTH DAY AFTER EXECUTIVE SIGNS THIS AGREEMENT.

c. To the maximum extent permitted by law, Executive covenants not to sue or to institute or cause to be instituted any action in any federal, state, or local agency or court against any of the Released Parties, including, but not limited to, any of the claims released this Agreement. Notwithstanding the foregoing, nothing herein shall prevent Executive or any of the Released Parties from filing a charge with an administrative agency, from instituting any action required to enforce the terms of this Agreement, or from challenging the validity of this Agreement. In addition, nothing herein shall be construed to prevent Executive from enforcing any rights Executive may have to recover vested benefits under the Employee Retirement Income Security Act of 1974, as amended.

d. Executive represents and warrants that: (i) Executive has not filed or initiated any legal, equitable, administrative, or other proceeding(s) against any of the Released Parties; (ii) no such proceeding(s) have been initiated against any of the Released Parties on Executive's behalf; (iii) Executive is the sole owner of the actual or alleged claims, demands, rights, causes of action, and other matters that are released in this paragraph 10; (iv) the same have not been transferred or assigned or caused to be transferred or assigned to any other person, firm, corporation or other legal entity; and (v) Executive has the full right and power to grant, execute, and deliver the releases, undertakings, and agreements contained in this Agreement.

e. The consideration offered herein is accepted by Executive as being in full accord, satisfaction, compromise and settlement of any and all claims or potential claims, and Executive expressly agrees that Executive is not entitled to and shall not receive any further payments, benefits, or other compensation or recovery of any kind from Company or any of the other Released Parties. Executive further agrees that in the event of any further proceedings whatsoever based upon any matter released herein, Company and each of the other Released Parties shall have no further monetary or other obligation of any kind to Executive, including without limitation any obligation for any costs, expenses and attorneys' fees incurred by or on behalf of Executive.

11. **Executive's Understanding**. Executive acknowledges by signing this Agreement that Executive has read and understands this document, that Executive has conferred with or had opportunity to confer with Executive's attorney regarding the terms and meaning of this Agreement, that Executive has had sufficient time to consider the terms provided for in this Agreement, that no representations or inducements have been made to Executive except as set forth in this Agreement, and that Executive has signed the same KNOWINGLY AND VOLUNTARILY.

12. **Non-Reliance**. Executive represents to Company and Company represents to Executive that in executing this Agreement they do not rely and have not relied upon any representation or statement not set forth herein made by the other or by any of the other's agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement, or otherwise.

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

14. **Non-Admission of Liability**. Executive agrees that neither this Agreement nor the performance by the parties hereunder constitutes an admission by any of the Released Parties of any violation of any federal, state, or local law, regulation, common law, breach of any contract, or any other wrongdoing of any type.

15. **Assignability**. The rights and benefits under this Agreement are personal to Executive and such rights and benefits shall not be subject to assignment, alienation or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of Executive upon death. Company may assign this Agreement to any parent, affiliate or subsidiary or any entity which at any time whether by merger, purchase, or otherwise acquires all or substantially all of the assets, stock or business of Company.

16. **Choice of Law**. This Agreement shall be constructed and interpreted in accordance with the internal laws of the State of North Carolina without regard to any state's conflict of law principles.

17. **Entire Agreement**. This Agreement, together with the Change in Control Agreement, sets forth all the terms and conditions with respect to compensation, remuneration of payments and benefits due Executive from Company and supersedes and replaces any and all other agreements or understandings Executive may have or may have had with respect thereto. This Agreement may not be modified or amended except in writing and signed by both Executive and an authorized representative of Company.

18. **Notice**. Any notice to be given hereunder shall be in writing and shall be deemed given when mailed by certified mail, return receipt requested, addressed as follows:

To Executive at:

[add address]

To the Company at:

Hanesbrands Inc.
Attention: General Counsel
1000 East Hanes Mill Road
Winston-Salem, NC 27105

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

EXECUTIVE

__

HANESBRANDS INC.
By:__
Title: __

Exhibit B

Schedule of Parties to Severance/Change in Control Agreement

Name	Date of Agreement
Michael E. Faircloth	August 21, 2013
Kristin L. Oliver	September 8, 2020
Greg L. Hall	January 12, 2021
Joseph W. Cavaliere	February 8, 2021
Tracy M. Preston	March 29, 2021
Michael P. Dastugue	May 1, 2021
Vanessa LeFebvre	August 15, 2022

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: August 11, 2022

Exhibit 31.2

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

I, Michael P. Dastugue, 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/ Michael P. Dastugue
Michael P. Dastugue
Chief Financial Officer

Date: August 11, 2022

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 July 2, 2022 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: August 11, 2022

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended July 2, 2022 (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 July 2, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael P. Dastugue, 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/ Michael P. Dastugue
Michael P. Dastugue
Chief Financial Officer

Date: August 11, 2022

The foregoing certification is being furnished to accompany Hanesbrands Inc.’s Quarterly Report on Form 10-Q for the fiscal quarter ended July 2, 2022 (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.