

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of Earliest Event Reported): May 11, 2021**

---

**Hanesbrands Inc.**

(Exact name of registrant as specified in its charter)

---

**Maryland**  
(State or Other Jurisdiction  
of Incorporation)

**001-32891**  
(Commission  
File Number)

**20-3552316**  
(I.R.S. Employer  
Identification No.)

**100 East Hanes Mill Road  
Winston-Salem, North Carolina**  
(Address of principal executive offices)

**27105**  
(Zip Code)

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

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 204.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common stock, Par Value \$0.01</b>	<b>HBI</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

---

---

**Item 2.02. Results of Operations and Financial Condition**

On May 11, 2021, Hanesbrands Inc. (the “Company” or “Hanesbrands”) issued a press release announcing its financial results for the first quarter ended April 3, 2021. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 7.01. Regulation FD Disclosure**

On May 11, 2021, the Company also issued a press release announcing its Full Potential three-year strategic growth plan. A copy of the press release is attached as Exhibit 99.2 to this Current Report on Form 8-K.

The Company will discuss its Full Potential plan and first quarter financial results during a virtual Investor Day, which is scheduled for 8:30 a.m. EDT on May 11, 2021. The Investor Day will include presentations by leaders on the Company’s Full Potential plan followed by a live question-and-answer session. The live video webcast may be accessed on the investors page of the Company’s corporate website, [www.Hanes.com/investors](http://www.Hanes.com/investors). An archive of the webcast will be available for six months after the presentation.

The Company has made available on the investors page of its corporate website, [www.Hanes.com/investors](http://www.Hanes.com/investors), certain supplemental materials regarding Hanesbrands’ financial results and Full Potential plan (the “Supplemental Materials”). The Supplemental Materials include an Investor Day handout and an updated frequently asked questions document, which are attached as Exhibits 99.3 and 99.4 to this Current Report on Form 8-K, respectively. All information in the Supplemental Materials is presented as of the particular date or dates referenced therein, and Hanesbrands does not undertake any obligation to, and disclaims any duty to, update any of the information provided.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

Exhibit 99.1	<a href="#">Q1 Earnings Press Release dated May 11, 2021</a>
Exhibit 99.2	<a href="#">Full Potential Press Release dated May 11, 2021</a>
Exhibit 99.3	<a href="#">Investor Day Handout</a>
Exhibit 99.4	<a href="#">Frequently Asked Questions</a>
Exhibit 104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**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 hereunto duly authorized.

**HANESBRANDS INC.**

Date: May 11, 2021

By: /s/ Michael P. Dastugue

Name: Michael P. Dastugue

Title: Chief Financial Officer

news release

FOR IMMEDIATE RELEASE



### HanesBrands Announces Strong First-Quarter 2021 Results

*Growth across all segments on strong brand performance and share gains*

- *Net sales from continuing operations of \$1.51 billion, up 25% over prior year*
- *Growth driven by global Champion brand and U.S. Innerwear business*
- *EPS from continuing operations of \$0.37*
- *Reports non-cash charge related to reclassifying European Innerwear business as discontinued operations*
- *Provides second-quarter and full-year guidance*
- *Declares 33<sup>rd</sup> consecutive regular quarterly dividend*
- *Company to host virtual investor day today to unveil Full Potential strategic growth plan*

**WINSTON-SALEM, N.C.** (May 11, 2021) – HanesBrands Inc. (NYSE: HBI), a global leader in iconic apparel brands, today announced results for the first quarter of 2021, with continued sales momentum across the company’s global innerwear and activewear businesses driving strong adjusted operating profit and cash flow.

Net sales from continuing operations for the first quarter ended April 3, 2021, totaled \$1.51 billion, an increase of 25% compared with \$1.20 billion for the period ended March 28, 2020. Total constant currency first-quarter net sales increased 22%.

Double-digit growth in both global innerwear and activewear businesses was driven by strong point-of-sale performance across all major channels, led by 82% growth in online channels, and market share gains in key categories. First-quarter sales growth also benefited from a comparison with the initial pandemic shutdowns in the year ago period and certain one-time contributions, including government stimulus and retailer restocking.

“Our strong first-quarter results showed growth across all business segments,” said Chief Executive Officer Steve Bratspies. “*Champion* continued its rapid growth, driven by strong consumer demand. We gained share in U.S. Innerwear, and our *Hanes Total Support Pouch* launch shows how our brands can appeal to younger consumers with a combination of innovative products and compelling marketing. Our global online sales grew more than 80% as we focus on empowering consumers to shop when, where and how they want to shop.

“I want to thank our 61,000 associates who continue to meet consumer demand around the world as we continue to face COVID-related challenges. Our first-quarter results show the competitive advantages of our supply chain as well as the rapid progress we’re making on our Full Potential plan to generate long-term revenue and profit growth.”

The company previously announced its intention to seek strategic alternatives for its European Innerwear business as it focuses on other strategic growth opportunities. In the quarter, the company reclassified this business to discontinued operations. As a result, the company recorded a non-cash impairment charge of approximately \$390 million to reflect an intangible asset impairment and net asset write down. With European Innerwear now reflected in discontinued operations, all year-over-year comparisons are based on continuing operations.

Additional information reflecting European Innerwear as discontinued operations in prior periods can be found on the investors section of the HanesBrands corporate website at [www.Hanes.com/Investors](http://www.Hanes.com/Investors).

First-quarter GAAP gross margin of 40.0% increased 520 basis points compared to the prior year period. Adjusted gross margin of 40.2% increased 360 basis points over the comparable prior year period. The year-over-year improvement in gross margin was driven predominantly by the leverage of higher sales volume from strong point-of-sale growth and the one-time items referenced above.

Also contributing to gross margin improvement in the quarter were favorable product mix, foreign exchange rates and a modest benefit from sales related to the company's SKU reduction initiative. These were partially offset by higher transportation costs, which resulted from increased shipping rates globally as well as costs associated with expediting product to meet stronger-than-expected customer demand.

First-quarter GAAP operating profit increased 297% to \$190 million from \$48 million in the comparable prior year period. GAAP operating margin of 12.6% increased 860 basis points over prior year. Adjusted operating profit, which excludes \$19 million of charges related to the Full Potential plan, increased 190% to \$210 million from \$72 million in the prior year period. Adjusted operating margin increased 790 basis points over prior year to 13.9%. The strong improvement in operating margin was driven by gross margin performance as well as SG&A leverage from higher sales, which more than offset increased investments in brand marketing in the quarter.

The GAAP and adjusted effective tax rate for the first quarter were 10% and 16%, respectively, which compares to a GAAP and adjusted effective tax rate of 12% and 14%, respectively, for the first quarter of 2020.

First-quarter GAAP income from continuing operations totaled \$128 million, or \$0.37 per diluted share, compared to income from continuing operations of \$5 million, or \$0.01 per diluted share, in the prior year period. Adjusted income from continuing operations excluding after-tax charges totaled \$136 million, or \$0.39 per diluted share, compared to adjusted income from continuing operations of \$26 million, or \$0.07 per diluted share in the prior year period.

(See the Note on Reconciliation of Select GAAP Measures to Non-GAAP Measures later in this news release for additional discussion and details of actions, which include pandemic-related and Full Potential plan charges.)

### **Virtual Investor Day to Unveil Full Potential Strategic Growth Plan and Three-year Financial Framework**

HanesBrands will host a virtual investor day at 8:30 a.m. EDT on Tuesday, May 11, 2021. The event, which will consist of prepared presentations followed by a live question-and-answer session, as well as an Investor Day Handout, may be accessed via the investors section of the HanesBrands corporate website, [www.Hanes.com/Investors](http://www.Hanes.com/Investors). The event is expected to conclude by 11:30 a.m. EDT. Replays of the event will be available on the investors section of the HanesBrands corporate website.

## **First-Quarter 2021 Business Segment Summaries (Comparisons to First-Quarter 2020, Unless Otherwise Noted)**

**Innerwear Segment.** U.S. Innerwear sales of \$570 million increased 35% over prior year. The strong year-over-year growth was driven by underlying point-of-sale growth and market share gains combined with the overlap of the initial pandemic shutdown as well as certain one-time benefits, including government stimulus and retailer restocking. For the quarter, basics revenue increased 39% with growth across all product categories. Intimates revenue increased 27% driven by double-digit growth in bras.

U.S. Innerwear segment operating profit of \$127 million increased 56% over prior year period and the segment's operating margin increased 300 basis points to 22.3%. The benefits from product mix and SG&A leverage from higher sales more than offset higher expedite costs from stronger-than-expected customer demand.

U.S. Innerwear results include approximately \$4 million of revenue and no operating profit from the sale of personal protective garments ("PPE") in the quarter.

**Activewear Segment.** U.S. Activewear sales increased 26% over prior year to \$364 million, driven by growth in the online channel, including both *Champion.com* as well as pure play and retail partner sites, and wholesale brick and mortar channels; the overlap of the initial pandemic shutdown and benefits from government stimulus. For the quarter, *Champion* sales increased 34% over prior year and revenue from the company's other activewear brands increased 16%. While the rate of decline improved from the fourth quarter, the sports and college licensing business continued to be negatively impacted by campus shutdowns and limits on sports attendance due to the COVID-19 pandemic. The company also saw the effects of an earlier-than-anticipated rebound in the printwear channel.

U.S. Activewear segment operating profit increased 647% to \$61 million compared to the prior year period and the segment's operating margin increased 1,380 basis points to 16.6%. The improvement in profitability was driven predominantly by expense leverage from higher sales as well as the benefit from product mix.

**International Segment.** International revenue and operating profit increased 18% and 72%, respectively, over prior year. On a constant currency basis sales and profit increased 8% and 57%, respectively. On a constant currency basis, the company experienced growth in: the Americas, driven primarily by lapping last year's COVID shutdown; Australia due to continued favorable consumer sentiment; and Europe, driven by growth of *Champion* despite continued COVID-related headwinds in the region. Constant currency sales in Asia Pacific declined over prior year as Japan continued to be negatively impacted by COVID-related restrictions, which more than offset growth in South Korea and China.

International segment operating profit increased 72% to \$87 million compared to prior year period and the segment's operating margin increased 540 basis points to 17.2%. The improvement in profitability was driven primarily by volume leverage from higher sales.

### **Regular Quarterly Cash Dividend Declared**

The company's Board of Directors declared a regular quarterly cash dividend of \$0.15 per share to be paid on June 1, 2021, to stockholders of record at the close of business on May 21, 2021.

The declared cash dividend represents the 33rd consecutive quarterly return of cash to stockholders. The company has paid a cumulative \$1.4 billion in quarterly cash dividends since initiating its program in April 2013.

### **Second Quarter and Full-year 2021 Financial Outlook**

The following financial outlook is based on current market conditions and judgments of management and is subject to risks and uncertainties that may cause actual results to differ materially, many of which are further discussed in the company's most recent annual report on Form 10-K available at [www.sec.gov](http://www.sec.gov) and in the investors section of the company's website at [www.Hanes.com/Investors](http://www.Hanes.com/Investors).

For the second quarter of 2021 which ends on July 3, 2021, the company currently expects:

- Net sales from continuing operations of approximately \$1.56 billion to \$1.59 billion, which represents approximately 2% growth at the midpoint and includes a projected benefit of approximately \$35 million from changes in foreign currency exchange rates. This compares to net sales of \$1.54 billion in second-quarter 2020, which included \$614 million in PPE sales.
- Excluding PPE, net sales at the midpoint of the guidance range are expected to increase 69% over prior year period.
- While the company expects a modest amount of sales from one-time benefits, including retailer restocking and stimulus-related spending, to continue into the second quarter, the benefit is expected to be significantly lower than first-quarter levels. For the second half of 2021, the company's guidance does not assume any additional stimulus or inventory restocking benefits.
- GAAP operating profit from continuing operations to range from approximately \$179 million to \$189 million.
- Adjusted operating profit from continuing operations to range from approximately \$200 million to \$210 million. The midpoint of adjusted operating profit implies an operating margin of approximately 13.0% and reflects the impact of inflation, particularly transportation, as well as increased brand investment. This compares to an adjusted operating margin of 15.2% in the second quarter of 2020, which benefited from significant fixed cost leverage due to PPE volume-driven efficiencies in the supply chain as well as temporary COVID-driven cost reductions.
- Charges for actions related to Full Potential of approximately \$21 million.
- Interest and Other expenses of approximately \$45 million.
- An effective tax rate of approximately 15% on a GAAP and adjusted basis.
- GAAP earnings per share from continuing operations to range from \$0.32 to \$0.35. Adjusted earnings per share from continuing operations to range from \$0.37 to \$0.40.

For fiscal year 2021, which ends on January 1, 2022, the company currently expects:

- Net sales from continuing operations to total approximately \$6.2 billion to \$6.3 billion, which includes a projected benefit of approximately \$100 million from changes in foreign currency exchange rates. At the midpoint, net sales guidance implies approximately 2% growth over prior year and 3% growth adjusted for the 53rd week in 2020. This compares to net sales of \$6.13 billion in 2020, which included \$820 million in sales of PPE.
- Adjusting for PPE and the 53rd week in 2020, net sales at the midpoint of the guidance range are expected to increase 19% over prior year period.
- GAAP operating profit from continuing operations to range from approximately \$730 million to \$760 million.

- Adjusted operating profit from continuing operations to range from approximately \$815 million to \$845 million. The midpoint of adjusted operating profit suggests an operating margin of 13.3%, compared with an adjusted operating margin of 12.7% in 2020.
- Incremental brand marketing investment of \$50 million as compared to 2020.
- As compared to 2019, at the midpoint of the company's full-year 2021 guidance, which includes incremental brand investment and COVID-related expenses, net sales and adjusted operating profit are expected to be above 2019 levels.
- Charges for actions related to Full Potential of approximately \$85 million.
- Interest and Other expenses of approximately \$185 million.
- An effective tax rate of approximately 14% on a GAAP basis and approximately 15% on an adjusted basis.
- GAAP earnings per share from continuing operations to range from approximately \$1.33 to \$1.41.
- Adjusted earnings per share from continuing operations to range from approximately \$1.51 to \$1.59.
- Cash flow from operations to range from \$500 million to \$550 million.
- Capital expenditures of approximately \$140 million, which includes approximately \$50 million related to Full Potential.

HanesBrands has updated its quarterly frequently-asked-questions document, which is available at [www.Hanes.com/FAQ](http://www.Hanes.com/FAQ).

#### **Note on Adjusted Measures and Reconciliation to GAAP Measures**

To supplement financial results prepared in accordance with generally accepted accounting principles, the company provides quarterly and full-year results concerning certain non-GAAP financial measures, including adjusted EPS from continuing operations, adjusted income from continuing operations, adjusted income tax expense, adjusted income from continuing operations before income tax expense, adjusted operating profit (and margin), adjusted SG&A, adjusted gross profit (and margin), EBITDA and adjusted EBITDA.

Adjusted EPS from continuing operations is defined as diluted EPS from continuing operations excluding actions and the tax effect on actions. Adjusted income from continuing operations is defined as income from continuing operations excluding actions and the tax effect on actions. Adjusted income tax expense is defined as income tax expense excluding actions. Adjusted income from continuing operations before income tax is defined as income from continuing operations before income tax excluding actions. Adjusted operating profit is defined as operating profit excluding actions. Adjusted SG&A is defined as selling, general and administrative expenses excluding actions. Adjusted gross profit is defined as gross profit excluding actions.

Charges for actions taken in 2020 include supply chain restructuring actions, program exit costs, COVID-19 related charges, Full Potential plan charges and the write-off of a discrete tax asset related to our *Bras N Things* acquisition. COVID-19 related charges include intangible asset and goodwill impairment charges, bad debt expense and supply chain re-startup costs. Full Potential plan charges include inventory write-down charges related to our SKU reduction initiative and discontinuation of our PPE business. Charges for actions taken in 2021 include professional fees and first quarter's intangible asset impairment charges related to our Full Potential plan.



While these costs are not operational in nature and are not expected to continue for any singular transaction on an ongoing basis, similar types of costs, expenses and charges have occurred in prior periods and may recur in future periods depending upon future business plans and circumstances.

HanesBrands has chosen to present these non-GAAP measures to investors to enable additional analyses of past, present and future operating performance and as a supplemental means of evaluating operations absent the effect of acquisition integration, the Full Potential plan and other actions, as well as the COVID-19 pandemic. HanesBrands believes these non-GAAP measures provide management and investors with valuable supplemental information for analyzing the operating performance of the company's ongoing business during each period presented without giving effect to costs associated with the execution and integration of any of the aforementioned actions taken.

The company has also chosen to present EBITDA and adjusted EBITDA to investors because it considers these measures to be an important supplemental means of evaluating operating performance. EBITDA is defined as income from continuing operations before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding actions and stock compensation expense. HanesBrands believes that EBITDA and adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, and management uses EBITDA and adjusted EBITDA for planning purposes in connection with setting its capital allocation strategy. EBITDA and adjusted EBITDA should not, however, be considered as measures of discretionary cash available to invest in the growth of the business.

HanesBrands is a global company that reports financial information in U.S. dollars in accordance with GAAP. As a supplement to the company's reported operating results, HanesBrands also presents constant-currency financial information, which is a non-GAAP financial measure that excludes the impact of translating foreign currencies into U.S. dollars. The company uses constant-currency information to provide a framework to assess how the business performed excluding the effects of changes in the rates used to calculate foreign currency translation.

To calculate foreign currency translation on a constant currency basis, operating results for the current-year period for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year (rather than the actual exchange rates in effect during the current year period).

HanesBrands believes constant-currency information is useful to management and investors to facilitate comparison of operating results and better identify trends in the company's businesses.

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as an alternative to, or substitute for, financial results prepared in accordance with GAAP. Further, the non-GAAP measures presented may be different from non-GAAP measures with similar or identical names presented by other companies.

Reconciliations of these non-GAAP measures to the most directly comparable GAAP financial measures are presented in the supplemental financial information included with this news release.

#### **Cautionary Statement Concerning Forward-Looking Statements**

This press release contains certain forward-looking statements, as defined under U.S. federal securities laws, with respect to our long-term goals and trends associated with our business, as well as guidance as to future performance. In particular, among others, statements regarding the potential impact of the COVID-19 pandemic on our business and financial performance; guidance and predictions regarding expected operating results, including related to our Full Potential plan; the disposal of our European Innerwear business; and statements made in the Second Quarter and Full-year 2021 Financial Outlook section of this news release, are forward-looking statements. These forward-looking statements are based on our current intent, beliefs, plans and expectations. Readers are cautioned not to place any undue reliance on any forward-looking statements. Forward-looking statements necessarily involve risks and uncertainties, many of which are outside of our control, that could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include such things as: our ability to successfully execute our Full Potential plan to achieve the desired results; the potential effects of the COVID-19 pandemic, including on consumer spending, global supply chains and the financial markets; the highly competitive and evolving nature of the industry in which we compete; the rapidly changing retail environment; our reliance on a relatively small number of customers for a significant portion of our sales; any inadequacy, interruption, integration failure or security failure with respect to our information technology; the impact of significant fluctuations and volatility in various input costs, such as cotton and oil-related materials, utilities, freight and wages; our ability to attract and retain a senior management team with the core competencies needed to support growth in global markets; significant fluctuations in foreign exchange rates; legal, regulatory, political and economic risks related to our international operations; our ability to effectively manage our complex multinational tax structure; and other risks identified from time to time in our most recent Securities and Exchange Commission reports, including our annual report on Form 10-K and quarterly reports on Form 10-Q. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and HanesBrands undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, other than as required by law.

---

## **HanesBrands**

HanesBrands (NYSE: HBI) makes everyday apparel that is known and loved by consumers around the world for comfort, quality and value. Among the company's iconic brands are *Hanes*, the leading basic apparel brand in the United States; *Champion*, an innovator at the intersection of lifestyle and athletic apparel; and *Bonds*, which is setting new standards for design and sustainability. HBI employs 61,000 associates in 47 countries and has built a strong reputation for workplace quality and ethical business practices. The company, a longtime leader in sustainability, launched aggressive 2030 goals to improve the lives of people, protect the planet and produce sustainable products. HBI is building on its unmatched strengths to unlock its #FullPotential and deliver long-term growth that benefits all of its stakeholders.

###

TABLE 1

**HANESBRANDS INC.**  
**Condensed Consolidated Statements of Income and Supplemental Financial Information**  
(in thousands, except per share data)  
(Unaudited)

	Quarters Ended		% Change
	April 3, 2021	March 28, 2020	
Net sales	\$1,508,029	\$1,203,070	25.3%
Cost of sales	905,348	784,902	
Gross profit	602,681	418,168	44.1%
As a % of net sales	40.0%	34.8%	
Selling, general and administrative expenses	412,559	370,215	
As a % of net sales	27.4%	30.8%	
Operating profit	190,122	47,953	296.5%
As a % of net sales	12.6%	4.0%	
Other expenses	2,561	6,101	
Interest expense, net	44,460	36,027	
Income from continuing operations before income tax expense	143,101	5,825	
Income tax expense	14,697	707	
Income from continuing operations	128,404	5,118	2,408.9%
Loss from discontinued operations, net of tax	(391,666)	(12,992)	
Net loss	<u>\$ (263,262)</u>	<u>\$ (7,874)</u>	
Earnings (loss) per share - basic:			
Continuing operations	\$ 0.37	\$ 0.01	
Discontinued operations	(1.12)	(0.04)	
Net loss	<u>\$ (0.75)</u>	<u>\$ (0.02)</u>	
Earnings (loss) per share - diluted:			
Continuing operations	\$ 0.37	\$ 0.01	
Discontinued operations	(1.11)	(0.04)	
Net loss	<u>\$ (0.75)</u>	<u>\$ (0.02)</u>	
Weighted average shares outstanding:			
Basic	351,003	359,017	
Diluted	351,686	359,436	

The following tables present a reconciliation of reported results on a constant currency basis for the quarter ended April 3, 2021 and a comparison to prior year:

	Quarter Ended April 3, 2021			Quarter Ended March 28, 2020	% Change, As Reported	% Change, Constant Currency
	As Reported	Impact from Foreign Currency <sup>1</sup>	Constant Currency			
<b>As reported under GAAP:</b>						
Net sales	\$1,508,029	\$ 43,073	\$1,464,956	\$ 1,203,070	25.3%	21.8%
Gross profit	602,681	24,182	578,499	418,168	44.1	38.3
Operating profit	190,122	7,533	182,589	47,953	296.5	280.8
Diluted earnings per share from continuing operations	\$ 0.37	\$ 0.02	\$ 0.35	\$ 0.01	3,600.0%	3,400.0%
<b>As adjusted:<sup>2</sup></b>						
Net sales	\$1,508,029	\$ 43,073	\$1,464,956	\$ 1,203,070	25.3%	21.8%
Gross profit	605,488	24,182	581,306	439,979	37.6	32.1
Operating profit	209,515	7,533	201,982	72,277	189.9	179.5
Diluted earnings per share from continuing operations	\$ 0.39	\$ 0.02	\$ 0.37	\$ 0.07	457.1%	428.6%

<sup>1</sup> Effect of the change in foreign currency exchange rates year-over-year. Calculated by applying prior period exchange rates to the current year financial results.

<sup>2</sup> Results for the quarters ended April 3, 2021 and March 28, 2020 reflect adjustments for restructuring and other action-related charges. See "Reconciliation of Select GAAP Measures to Non-GAAP Measures" in table 5.

TABLE 2

**HANESBRANDS INC.**  
**Supplemental Financial Information**  
**(in thousands)**  
**(Unaudited)**

	Quarters Ended		% Change
	April 3, 2021	March 28, 2020	
Segment net sales:			
Innerwear <sup>1</sup>	\$ 570,435	\$ 422,402	35.0%
Activewear	364,003	288,000	26.4
International	506,261	428,230	18.2
Other	67,330	64,438	4.5
Total net sales	<u>\$1,508,029</u>	<u>\$1,203,070</u>	<u>25.3%</u>
Segment operating profit:			
Innerwear <sup>1</sup>	\$ 127,417	\$ 81,551	56.2%
Activewear	60,594	8,108	647.3
International	87,180	50,745	71.8
Other	1,886	(3,393)	NM
General corporate expenses/other	(67,562)	(64,734)	4.4
Total operating profit before restructuring and other action-related charges	209,515	72,277	189.9
Restructuring and other action-related charges	(19,393)	(24,324)	(20.3)
Total operating profit	<u>\$ 190,122</u>	<u>\$ 47,953</u>	<u>296.5%</u>

<sup>1</sup> The Innerwear segment includes approximately \$4 million of net sales and no operating profit from the sale of personal protective equipment in the first quarter of 2021.

Including the favorable foreign currency impact of \$16 million, global *Champion* sales excluding *C9 Champion* increased approximately 26% in the first quarter of 2021 compared to the first quarter of 2020. On a constant currency basis, global *Champion* sales increased approximately 22%.

TABLE 3

**HANESBRANDS INC.**  
**Condensed Consolidated Balance Sheets**  
**(in thousands)**  
**(Unaudited)**

	April 3, 2021	January 2, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 530,403	\$ 900,615
Trade accounts receivable, net	807,738	768,221
Inventories	1,489,565	1,367,758
Other current assets	153,358	158,700
Current assets of discontinued operations	303,045	234,086
Total current assets	3,284,109	3,429,380
Property, net	458,434	477,821
Right-of-use assets	416,136	432,631
Trademarks and other identifiable intangibles, net	1,269,932	1,293,847
Goodwill	1,150,138	1,158,938
Deferred tax assets	355,826	367,976
Other noncurrent assets	54,678	64,773
Noncurrent assets of discontinued operations	—	494,501
Total assets	<u>\$6,989,253</u>	<u>\$7,719,867</u>
<b>Liabilities</b>		
Accounts payable	\$ 976,887	\$ 891,868
Accrued liabilities	571,410	609,864
Lease liabilities	132,127	136,510
Current portion of long-term debt	34,375	263,936
Current liabilities of discontinued operations	288,936	222,183
Total current liabilities	2,003,735	2,124,361
Long-term debt	3,649,631	3,739,434
Lease liabilities - noncurrent	315,382	331,577
Pension and postretirement benefits	333,460	381,457
Other noncurrent liabilities	202,564	216,091
Noncurrent liabilities of discontinued operations	—	112,989
Total liabilities	<u>6,504,772</u>	<u>6,905,909</u>
<b>Stockholders' equity</b>		
Preferred stock	—	—
Common stock	3,491	3,488
Additional paid-in capital	304,090	307,883
Retained earnings	753,785	1,069,546
Accumulated other comprehensive loss	(576,885)	(566,959)
Total stockholders' equity	484,481	813,958
Total liabilities and stockholders' equity	<u>\$6,989,253</u>	<u>\$7,719,867</u>

TABLE 4

**HANESBRANDS INC.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(Unaudited)

	Quarters Ended	
	April 3, 2021 <sup>1</sup>	March 28, 2020 <sup>1</sup>
<b>Operating Activities:</b>		
Net loss	\$(263,262)	\$ (7,874)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	24,142	22,781
Amortization of acquisition intangibles	6,179	6,113
Other amortization	3,020	2,477
Impairment of intangible assets and goodwill	163,047	—
Loss on classification of assets held for sale	226,352	—
Amortization of debt issuance costs	4,580	2,123
Other	(5,835)	(5,258)
Changes in assets and liabilities:		
Accounts receivable	(63,955)	73,694
Inventories	(122,781)	(86,785)
Other assets	9,606	26,790
Accounts payable	109,197	(13,605)
Accrued pension and postretirement benefits	(38,757)	(21,481)
Accrued liabilities and other	(34,587)	(82,191)
Net cash from operating activities	<u>16,946</u>	<u>(83,216)</u>
<b>Investing Activities:</b>		
Capital expenditures	(17,804)	(25,759)
Proceeds from sales of assets	2,406	66
Other	1,794	1,216
Net cash from investing activities	<u>(13,604)</u>	<u>(24,477)</u>
<b>Financing Activities:</b>		
Repayments on Term Loan Facilities	(300,000)	—
Borrowings on Accounts Receivable Securitization Facility	—	227,061
Repayments on Accounts Receivable Securitization Facility	—	(74,909)
Borrowings on Revolving Loan Facilities	—	1,638,000
Repayments on Revolving Loan Facilities	—	(688,000)
Borrowings on International Debt	—	31,222
Borrowings on notes payable	21,106	62,312
Repayments on notes payable	(20,276)	(64,352)
Share repurchases	—	(200,269)
Cash dividends paid	(52,351)	(53,683)
Other	(2,902)	132
Net cash from financing activities	<u>(354,423)</u>	<u>877,514</u>
Effect of changes in foreign exchange rates on cash	(17,662)	(15,061)
Change in cash, cash equivalents and restricted cash	(368,743)	754,760
Cash, cash equivalents and restricted cash at beginning of year	910,603	329,923
Cash, cash equivalents and restricted cash at end of period	541,860	1,084,683
Less restricted cash at end of period	1,153	903
Cash and cash equivalents at end of period	<u>\$ 540,707</u>	<u>\$ 1,083,780</u>
<b>Balances included in the Condensed Consolidated Balance Sheets:</b>		
Cash and cash equivalents	\$ 530,403	\$ 1,069,490
Cash and cash equivalents included in current assets of discontinued operations	10,304	14,290
Cash and cash equivalents at end of period	<u>\$ 540,707</u>	<u>\$ 1,083,780</u>

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

TABLE 5

**HANESBRANDS INC.**  
**Supplemental Financial Information**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures**  
**(in thousands, except per share data)**  
**(Unaudited)**

	Quarter Ended April 3, 2021						
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$ 602,681	\$ (412,559)	\$ 190,122	\$ 143,101	\$ (14,697)	\$ 128,404	\$ 0.37
As a percentage of net sales	40.0%	27.4%	12.6%				
Restructuring and other action-related charges:							
Full Potential Plan:							
Professional services	—	11,706	11,706	11,706	—	11,706	0.03
Impairment of intangible assets	—	7,302	7,302	7,302	—	7,302	0.02
Other	2,807	(2,422)	385	385	—	385	—
Discrete tax benefit	—	—	—	—	(7,295)	(7,295)	(0.02)
Tax effect on actions	—	—	—	—	(4,007)	(4,007)	(0.01)
Total restructuring and other action-related charges	2,807	16,586	19,393	19,393	(11,302)	8,091	0.02
As adjusted	<u>\$ 605,488</u>	<u>\$ (395,973)</u>	<u>\$ 209,515</u>	<u>\$ 162,494</u>	<u>\$ (25,999)</u>	<u>\$ 136,495</u>	<u>\$ 0.39</u>
As a percentage of net sales	40.2%	26.3%	13.9%				
	Quarter Ended March 28, 2020						
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$ 418,168	\$ (370,215)	\$ 47,953	\$ 5,825	\$ (707)	\$ 5,118	\$ 0.01
As a percentage of net sales	34.8%	30.8%	4.0%				
Restructuring and other action-related charges:							
Supply chain actions	14,065	—	14,065	14,065	—	14,065	0.04
Program exit costs	7,746	467	8,213	8,213	—	8,213	0.02
Other restructuring costs	—	2,046	2,046	2,046	—	2,046	0.01
Tax effect on actions	—	—	—	—	(3,526)	(3,526)	(0.01)
Total restructuring and other action-related charges	21,811	2,513	24,324	24,324	(3,526)	20,798	0.06
As adjusted	<u>\$ 439,979</u>	<u>\$ (367,702)</u>	<u>\$ 72,277</u>	<u>\$ 30,149</u>	<u>\$ (4,233)</u>	<u>\$ 25,916</u>	<u>\$ 0.07</u>
As a percentage of net sales	36.6%	30.6%	6.0%				

<sup>1</sup> Amounts may not be additive due to rounding.



**HANESBRANDS INC.**  
**Supplemental Financial Information**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures**  
**(in thousands, except per share data)**  
**(Unaudited)**

	<b>Last Twelve Months</b>	
	<b>April 3, 2021</b>	<b>March 28, 2020</b>
<b>EBITDA<sup>1</sup>:</b>		
Income from continuing operations	\$ 90,999	\$ 502,787
Interest expense, net	172,671	165,148
Income tax expense (benefit)	(95,950)	61,959
Depreciation and amortization	116,816	114,164
Total EBITDA	284,536	844,058
Total restructuring and other action-related charges (excluding tax effect on actions)	729,265	65,663
Stock compensation expense	12,504	8,328
Total EBITDA, as adjusted	<u>\$1,026,305</u>	<u>\$ 918,049</u>
<b>Net debt:</b>		
Debt (current and long-term debt and Accounts Receivable Securitization Facility)	\$3,684,006	\$ 4,391,641
Notes payable	—	1,660
(Less) Cash and cash equivalents	(530,403)	(1,069,490)
Net debt	<u>\$3,153,603</u>	<u>\$ 3,323,811</u>
Net debt/EBITDA, as adjusted	<u>3.1</u>	<u>3.6</u>

<sup>1</sup> Earnings from continuing operations before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure.

	<b>Quarters Ended</b>	
	<b>April 3, 2021</b>	<b>March 28, 2020</b>
<b>Free cash flow:</b>		
Net cash from operating activities	\$ 16,946	\$ (83,216)
Capital expenditures	(17,804)	(25,759)
Free cash flow	<u>\$ (858)</u>	<u>\$ (108,975)</u>

<sup>1</sup> Free cash flow includes the results from continuing and discontinued operations.

TABLE 6

**HANESBRANDS INC.**  
**Supplemental Financial Information**  
**Reconciliation of GAAP Outlook to Adjusted Outlook**  
**(in thousands, except per share data)**  
**(Unaudited)**

	<u>Quarter Ended</u> <u>July 3,</u> <u>2021</u>	<u>Year Ended</u> <u>January 1,</u> <u>2022</u>
Operating profit outlook, as calculated under GAAP	\$179,000 to \$189,000	\$730,000 to \$760,000
Restructuring and other action-related charges	\$21,000	\$85,000
Operating profit outlook, as adjusted	<u>\$200,000 to \$210,000</u>	<u>\$815,000 to \$845,000</u>
Diluted earnings per share from continuing operations, as calculated under GAAP <sup>1</sup>	\$0.32 to \$0.35	\$1.33 to \$1.41
Restructuring and other action-related charges	<u>\$0.05</u>	<u>\$0.18</u>
Diluted earnings per share from continuing operations, as adjusted	<u>\$0.37 to \$0.40</u>	<u>\$1.51 to \$1.59</u>

<sup>1</sup> The company expects approximately 352 million diluted weighted average shares outstanding for the quarter ended July 3, 2021 and approximately 353 million diluted weighted average shares outstanding for the year ended January 1, 2022.

FOR IMMEDIATE RELEASE

**HANES** Brands Inc**HanesBrands Announces Full Potential Plan to Drive Approximately \$1.2 Billion in Incremental Revenue and Operating Margins Above 14% by 2024***Company to Host Virtual Investor Day Today to Provide Additional Details*

- *Full Potential to drive global Champion growth of approximately \$1 billion*
- *Plan to re-ignite innerwear growth with \$200 million in incremental sales*
- *Revenue to increase from \$6.25 billion in 2021 to approximately \$7.4 billion by 2024, or 6% compound annual growth*
- *Company will strategically invest in brands and e-commerce to deliver growth across owned channels and retail partnerships*
- *Full Potential focuses portfolio on biggest growth opportunities in North America, China, Australia and Europe*
- *Company to fully self-fund strategic investments*

**WINSTON-SALEM, N.C.** (May 11, 2021) – HanesBrands Inc. (NYSE: HBI), a global leader in iconic apparel brands, today unveiled Full Potential, a three-year growth plan designed to drive approximately \$1.2 billion in incremental revenue and expand operating margins to 14.3% by 2024.

Full Potential unlocks the enormous opportunities of HanesBrands, building on its iconic brands, world-class supply chain, deep consumer loyalty, broad channel distribution and global footprint. The plan drives rapid growth of the *Champion* brand by investing in key geographic markets, expanding into women's and kids' apparel and casual footwear, and creating a premiere online experience at *Champion.com*.

Full Potential also seeks to drive renewed innerwear growth by delivering innovation and breakthrough marketing that appeals to younger consumers. The company is investing in its portfolio of leading innerwear brands and expanding its e-commerce and digital capabilities to deliver a seamless consumer experience to drive growth with retail partners and in online channels.

“HanesBrands is an amazing company with a portfolio of strong, iconic brands and significant and sustainable competitive advantages,” said CEO Steve Bratspies. “Full Potential builds on these advantages to deliver approximately \$1.2 billion in topline growth as well as improved profitability over the next three years. We are putting the consumer at the center of everything we do. We'll do this by investing in innovation that delivers products that meet consumers' needs and by creating a seamless experience that lets consumers shop for our products how, when and where they want to shop.”

## **Full Potential Plan**

The Full Potential plan consists of four growth pillars:

- **Grow global *Champion*.** The plan calls for *Champion* to become a \$3 billion global brand by 2024, representing a 14% compound annual growth rate (CAGR) from projected 2021 sales of approximately \$2 billion.

Consumers view *Champion* as uniquely able to meet the needs of both lifestyle and athletic apparel. The company is increasing investment behind the *Champion* brand platform, “Be Your Own Champion,” to tap into the significant growth opportunity at the intersection of sports and lifestyle.

*Champion*’s growth strategy is organized around four actions:

1. Forging deeper connections with consumers, focusing on three key consumer segments that represent approximately 70% of global activewear category spend.
  2. Creating compelling product for each of these segments through globally coordinated design and innovation. In addition to expanding its strong share position in sweats, the company is focused on expanding *Champion*’s offerings in women’s and kids’ apparel, innerwear and casual athletic footwear.
  3. Growing in key geographies: North America, China, Japan, South Korea and the Big 5 markets in Europe through a combination of digital, wholesale and distribution partners.
  4. Expanding online channels, with a focus on making *Champion.com* a premier brand and shopping experience globally.
- **Re-ignite innerwear growth.** The company expects global innerwear revenue growth of approximately \$200 million through 2024, driven by sales in the United States and Australia. This growth represents a 2% compound annual growth rate on top of 2021 projected sales of nearly \$3.7 billion.

In the U.S., the company is pivoting to accelerated and sustainable revenue and profit growth by revitalizing its core, with a focus on doubling its share with consumers under the age of 39. The company believes it can capture significant growth opportunities by leveraging its iconic brands such as *Hanes*, *Maidenform* and *Bali* and its leading share positions and route-to-market scale. HanesBrands is also applying a more consumer-centric, globally coordinated approach to product design and innovation, as well as increasing investments in brand marketing and e-commerce initiatives.

In Australia, *Bonds* has become the leading innerwear brand by delivering breakthrough product innovation and consumer marketing. The company plans to fuel continued growth through ongoing investment in the *Bonds* brand and its e-commerce infrastructure.

- **Drive consumer-centricity.** The company is putting the consumer at the center of everything it does. This consumer-centric mindset is expected to drive growth by delivering innovative products consumers need; improving awareness through increased investments in brand marketing; and making focused investments in digital capabilities, including digital marketing, e-commerce and advanced analytics. The company believes these investments will better empower consumers to shop where, when and how they like to shop.
- **Focus the portfolio.** The company will continue to simplify all aspects of its business – from global holdings to SKU counts – to enable investment in its key global brands, categories and growth markets.

To enable and unlock growth, the Full Potential plan includes a number of well-defined and well-resourced initiatives. These initiatives fall into five broad categories:

- **Win with brands and products.** The company will enhance its global design and innovation capabilities to leverage its leading brand portfolio and to meet the needs of both current and new consumer segments.
- **Supply chain segmentation.** The company is building on the competitive advantages of its world-class supply chain by adding capabilities to address the unique needs of each of its brands, increase speed-to-market and become more efficient in serving direct-to-consumer channels.
- **Simplicity.** The company is simplifying its processes, organization and approaches to make decisions faster.
- **Technology modernization.** The company is investing in data analytics and technologies to reduce costs, gain business insights as well as improve decision making, forecasting and planning. The company is also streamlining its systems and building capabilities to deliver a seamless online consumer experience.
- **Winning organization and culture.** The company's culture is a significant strength around the globe. The company is further investing in its people and next-generation talent to accelerate results and deliver sustainable, profitable growth.

## **Full Potential Three-Year Financial Outlook**

HanesBrands expects the Full Potential plan to generate both higher and more consistent levels of revenue growth while increasing overall profitability.

Using the midpoint of the company's 2021 guidance for continuing operations as the base year, the Full Potential plan calls for:

- Revenue to increase from \$6.25 billion to approximately \$7.4 billion by 2024, representing an incremental \$1.15 billion of revenue, or a 6% compound annual growth rate.
  - Approximately \$1 billion of growth in its global activewear business, representing an 11% CAGR, to be driven predominantly by the *Champion* brand.
  - Approximately \$200 million of growth in its global innerwear business, driven by renewed growth in the United States as a result of revitalizing its core. At the same time, the company will seek to double its share with younger consumers and to continue growing in Australia. This growth represents a 2% CAGR, which is well above projected global innerwear category growth.
- Operating margins to expand 100 basis points to approximately 14.3% in 2024, compared to the midpoint of the company's 2021 guidance of 13.3%.
- Incremental investments of approximately \$160 million over the three-year period ending 2024, including: \$90 million in brand marketing, \$40 million of depreciation related to growth-driving capital investments, and \$30 million for technology and people. By 2024, the company expects its annual brand marketing investments to essentially double as compared to 2020, to 4% of sales.
- Targeted cost savings of approximately \$160 million are expected to fully offset the increased investments. Cost savings initiatives designed to drive efficiencies and accelerate revenue growth fall into three broad categories: sustainability initiatives, technology initiatives and everyday cost management.
- An incremental \$300 million of capital investment above the historical run-rate, over three years ending 2024, with the vast majority going to supply chain and technology initiatives. On average, this represents total annual capex spend of approximately \$185 million per year, although the company anticipates higher than average spend levels in the first two years of the plan in order to realize projected growth and cost savings initiatives in 2024 and beyond.

- An earnings per share CAGR of approximately 9% through 2024.
- An average annual tax rate of approximately 18%.
- Average annual cash flow from operations of approximately \$700 million.

### **Virtual Investor Day**

HanesBrands will host a virtual investor day at 8:30 a.m. EDT on Tuesday May 11, 2021. The event, which will consist of prepared presentations followed by a live question-and-answer session, as well as an Investor Day Handout, may be accessed via the investors section of the HanesBrands corporate website, [www.Hanes.com/Investors](http://www.Hanes.com/Investors). The event is expected to conclude by 11:30 a.m. EDT. Replays of the event will be available on the investors section of the HanesBrands corporate website.

### **HanesBrands**

HanesBrands (NYSE: HBI) makes everyday apparel that is known and loved by consumers around the world for comfort, quality and value. Among the company's iconic brands are *Hanes*, the leading basic apparel brand in the United States; *Champion*, an innovator at the intersection of lifestyle and athletic apparel; and *Bonds*, which is setting new standards for design and sustainability. HBI employs 61,000 associates in 47 countries and has built a strong reputation for workplace quality and ethical business practices. The company, a longtime leader in sustainability, has set aggressive 2030 goals to improve the lives of people, protect the planet and produce sustainable products. HBI is building on its unmatched strengths to unlock its #FullPotential and deliver long-term growth that benefits all of its stakeholders.

### **Cautionary Statement Concerning Forward-Looking Statements**

This press release contains certain forward-looking statements, as defined under U.S. federal securities laws, with respect to our long-term goals and trends associated with our business, as well as guidance as to future performance. In particular, among others, statements regarding our Full Potential plan and statements made in the Full Potential Three-Year Financial Outlook section of this news release are forward-looking statements.

These forward-looking statements are based on our current intent, beliefs, plans and expectations. Readers are cautioned not to place any undue reliance on any forward-looking statements. Forward-looking statements necessarily involve risks and uncertainties, many of which are outside of our control, that could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include such things as: our ability to successfully execute our Full Potential plan in order to achieve the desired results, the potential effects of the COVID-19 pandemic, including on consumer spending, global supply chains and the financial markets; the highly competitive and evolving nature of the industry in which we compete; the rapidly changing retail

---

environment; our reliance on a relatively small number of customers for a significant portion of our sales; any inadequacy, interruption, integration failure or security failure with respect to our information technology; the impact of significant fluctuations and volatility in various input costs, such as cotton and oil-related materials, utilities, freight and wages; our ability to attract and retain a senior management team with the core competencies needed to support growth in global markets; significant fluctuations in foreign exchange rates; legal, regulatory, political and economic risks related to our international operations; our ability to effectively manage our complex multinational tax structure; and other risks identified from time to time in our most recent Securities and Exchange Commission reports, including our annual report on Form 10-K and quarterly reports on Form 10-Q. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward- looking statement speaks only as of the date on which such statement is made, and HanesBrands undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, other than as required by law.





# Investor Day Handout

May 11, 2021



## Table of Contents

	<u>Page</u>
<b><u>Financial Tables</u></b>	
Table 1 - Condensed Consolidated Statements of Income - Including European Innerwear Business as Discontinued Operations - As REPORTED	4
Table 2 - Condensed Consolidated Statements of Income - Including European Innerwear Business as Discontinued Operations - As ADJUSTED	5
Table 3 - Reconciliation of Select GAAP Measures to Non-GAAP Measures and Supplemental Financial Information - Including European Innerwear Business as Discontinued Operations	6
Table 4 - Reconciliation of GAAP Outlook to Adjusted Outlook - Q1, Q2 and Full Year 2021	14
<b><u>Appendix</u></b>	
Table 5 - Reconciliation of Select GAAP Measures to Non-GAAP Measures	16



# Financial Tables



TABLE 1

**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Condensed Consolidated Statements of Income - As REPORTED**  
(in thousands, except per share data)  
(Unaudited)

	Quarters Ended				Year Ended December 28, 2019	Quarters Ended				Year Ended January 2, 2021
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019		March 28, 2020	June 27, 2020	September 26, 2020	January 2, 2021	
Net sales	\$ 1,449,687	\$ 1,636,709	\$ 1,729,308	\$ 1,610,012	\$ 6,425,716	\$ 1,203,070	\$ 1,543,083	\$ 1,691,863	\$ 1,689,145	\$ 6,127,161
Cost of sales	904,765	1,032,527	1,082,839	976,883	3,997,014	784,902	1,029,221	1,120,392	1,589,946	4,524,461
Gross profit	544,922	604,182	646,469	633,129	2,428,702	418,168	513,862	571,471	99,199	1,602,700
As a % of net sales	37.6%	36.9%	37.4%	39.3%	37.8%	34.8%	33.3%	33.8%	5.9%	26.2%
Selling, general and administrative expenses	405,314	384,289	385,291	403,123	1,578,017	370,215	311,729	382,384	495,706	1,560,034
As a % of net sales	28.0%	23.5%	22.3%	25.0%	24.6%	30.8%	20.2%	22.6%	29.3%	25.5%
Operating profit (loss)	139,608	219,893	261,178	230,006	850,685	47,953	202,133	189,087	(396,507)	42,666
As a % of net sales	9.6%	13.4%	15.1%	14.3%	13.2%	4.0%	13.1%	11.2%	(23.5)%	0.7%
Other expenses	7,166	7,952	7,772	7,311	30,201	6,101	4,653	4,898	5,003	20,655
Interest expense, net	47,803	46,296	42,272	40,553	176,924	36,027	41,075	43,500	43,636	164,238
Income (loss) from continuing operations before income tax expense	84,639	165,645	211,134	182,142	643,560	5,825	156,405	140,689	(445,146)	(142,227)
Income tax expense (benefit)	8,984	15,595	22,129	23,528	70,236	707	19,837	22,464	(152,948)	(109,940)
Income (loss) from continuing operations	75,655	150,050	189,005	158,614	573,324	5,118	136,568	118,225	(292,198)	(32,287)
Income (loss) from discontinued operations, net of tax	5,433	(495)	(3,914)	26,372	27,396	(12,992)	24,613	(14,947)	(39,966)	(43,292)
Net income (loss)	\$ 81,088	\$ 149,555	\$ 185,091	\$ 184,986	\$ 600,720	\$ (7,874)	\$ 161,181	\$ 103,278	\$ (332,164)	\$ (75,579)
Earnings (loss) per share - basic:										
Continuing operations	\$ 0.21	\$ 0.41	\$ 0.52	\$ 0.43	\$ 1.57	\$ 0.01	\$ 0.39	\$ 0.34	\$ (0.83)	\$ (0.09)
Discontinued operations	0.01	0.00	(0.01)	0.07	0.08	(0.04)	0.07	(0.04)	(0.11)	(0.12)
Net income (loss)	\$ 0.22	\$ 0.41	\$ 0.51	\$ 0.51	\$ 1.65	\$ (0.02)	\$ 0.46	\$ 0.29	\$ (0.95)	\$ (0.21)
Earnings (loss) per share - diluted:										
Continuing operations	\$ 0.21	\$ 0.41	\$ 0.52	\$ 0.43	\$ 1.57	\$ 0.01	\$ 0.39	\$ 0.34	\$ (0.83)	\$ (0.09)
Discontinued operations	0.01	0.00	(0.01)	0.07	0.07	(0.04)	0.07	(0.04)	(0.11)	(0.12)
Net income (loss)	\$ 0.22	\$ 0.41	\$ 0.51	\$ 0.51	\$ 1.64	\$ (0.02)	\$ 0.46	\$ 0.29	\$ (0.95)	\$ (0.21)
Weighted average shares outstanding:										
Basic	364,570	364,637	364,743	364,885	364,709	359,017	350,538	350,703	350,807	352,766
Diluted	365,299	365,537	365,597	365,644	365,519	359,436	350,829	351,604	350,807	352,766



TABLE 2

**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Condensed Consolidated Statements of Income - As ADJUSTED**  
**(in thousands, except per share data)**  
**(Unaudited)**

	Quarters Ended				Year Ended December 28, 2019	Quarters Ended				Year Ended January 2, 2021
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019		March 28, 2020	June 27, 2020	September 26, 2020	January 2, 2021	
Net sales, as adjusted	\$ 1,355,583	\$ 1,517,999	\$ 1,610,610	\$ 1,522,077	\$ 6,006,269	\$ 1,203,070	\$ 1,543,083	\$ 1,691,863	\$ 1,689,145	\$ 6,127,161
Cost of sales, as adjusted	823,076	936,557	991,123	901,224	3,651,980	763,091	1,010,803	1,072,793	1,007,156	3,853,843
Gross profit, as adjusted	532,507	581,442	619,487	620,853	2,354,289	439,979	532,280	619,070	681,989	2,273,318
As a % of net sales	39.3%	38.3%	38.5%	40.8%	39.2%	36.6%	34.5%	36.6%	40.4%	37.1%
Selling, general and administrative expenses, as adjusted	392,646	374,577	375,738	392,987	1,535,948	367,702	297,868	377,726	453,160	1,496,456
As a % of net sales	29.0%	24.7%	23.3%	25.8%	25.6%	30.6%	19.3%	22.3%	26.8%	24.4%
Operating profit, as adjusted	139,861	206,865	243,749	227,866	818,341	72,277	234,412	241,344	228,829	776,862
As a % of net sales	10.3%	13.6%	15.1%	15.0%	13.6%	6.0%	15.2%	14.3%	13.5%	12.7%
Other expenses	7,166	7,952	7,772	7,311	30,201	6,101	4,653	4,898	5,003	20,655
Interest expense, net	47,803	46,296	42,272	40,553	176,924	36,027	41,075	43,500	43,636	164,238
Income from continuing operations before income tax expense, as adjusted	84,892	152,617	193,705	180,002	611,216	30,149	188,684	192,946	180,190	591,969
Income tax expense, as adjusted	9,019	13,758	19,670	38,319	80,766	4,233	26,532	32,937	31,700	95,402
Income from continuing operations, as adjusted	\$ 75,873	\$ 138,859	\$ 174,035	\$ 141,683	\$ 530,450	\$ 25,916	\$ 162,152	\$ 160,009	\$ 148,490	\$ 496,567
Earnings per share - basic:										
Continuing operations, as adjusted	\$ 0.21	\$ 0.38	\$ 0.48	\$ 0.39	\$ 1.45	\$ 0.07	\$ 0.46	\$ 0.46	\$ 0.42	\$ 1.41
Earnings per share - diluted:										
Continuing operations, as adjusted	\$ 0.21	\$ 0.38	\$ 0.48	\$ 0.39	\$ 1.45	\$ 0.07	\$ 0.46	\$ 0.46	\$ 0.42	\$ 1.40
Weighted average shares outstanding:										
Basic	364,570	364,637	364,743	364,885	364,709	359,017	350,538	350,703	350,807	352,766
Diluted	365,299	365,537	365,597	365,644	365,519	359,436	350,829	351,604	351,933	353,451

<sup>1</sup> Results for the quarters ended March 30, 2019, June 29, 2019, September 28, 2019, December 28, 2019 and year ended December 28, 2019 reflect adjustments for the exited C9 Champion mass program and the DKNY intimate apparel license.



TABLE 3

**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures and Supplemental Financial Information**  
(in thousands, except per share data)  
(Unaudited)

	Quarter Ended March 28, 2020							
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>	
As reported	\$ 418,168	\$ (370,215)	\$ 47,953	\$ 5,825	\$ (707)	\$ 5,118	\$ 0.01	
As a percentage of net sales	34.8%	30.8%	4.0%					
Restructuring and other action-related charges:								
Supply chain actions	14,065	—	14,065	14,065	—	14,065	0.04	
Program exit costs	7,746	467	8,213	8,213	—	8,213	0.02	
Other restructuring costs	—	2,046	2,046	2,046	—	2,046	0.01	
Tax effect on actions	—	—	—	—	(3,526)	(3,526)	(0.01)	
Total restructuring and other action-related charges	21,811	2,513	24,324	24,324	(3,526)	20,798	0.06	
As adjusted	<u>\$ 439,979</u>	<u>\$ (367,702)</u>	<u>\$ 72,277</u>	<u>\$ 30,149</u>	<u>\$ (4,233)</u>	<u>\$ 25,916</u>	<u>\$ 0.07</u>	
As a percentage of net sales	36.6%	30.6%	6.0%					
	Quarter Ended March 30, 2019							
	Net Sales	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$1,449,687	\$ 544,922	\$ (405,314)	\$139,608	\$ 84,639	\$ (8,984)	\$ 75,655	\$ 0.21
Less exited programs <sup>2</sup>	(94,104)	(29,888)	8,965	(20,923)	(20,923)	2,950	(17,973)	(0.05)
As rebased	1,355,583	515,034	(396,349)	118,685	63,716	(6,034)	57,682	0.16
As a percentage of net sales		38.0%	29.2%	8.8%				
Restructuring and other action-related charges:								
Supply chain actions	—	17,473	—	17,473	17,473	—	17,473	0.05
Other restructuring costs	—	—	3,703	3,703	3,703	—	3,703	0.01
Tax effect on actions	—	—	—	—	—	(2,985)	(2,985)	(0.01)
Total restructuring and other action-related charges	—	17,473	3,703	21,176	21,176	(2,985)	18,191	0.05
As adjusted	<u>\$1,355,583</u>	<u>\$ 532,507</u>	<u>\$ (392,646)</u>	<u>\$139,861</u>	<u>\$ 84,892</u>	<u>\$ (9,019)</u>	<u>\$ 75,873</u>	<u>\$ 0.21</u>
As a percentage of net sales		39.3%	29.0%	10.3%				

<sup>1</sup> Amounts may not be additive due to rounding.

<sup>2</sup> Includes the results for the exited C9 Champion mass program and the DKNY intimate apparel license.



**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures and Supplemental Financial Information**  
(in thousands, except per share data)  
(Unaudited)

	Quarter Ended June 27, 2020						
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$ 513,862	\$ (311,729)	\$202,133	\$ 156,405	\$ (19,837)	\$ 136,568	\$ 0.39
As a percentage of net sales	33.3%	20.2%	13.1%				
Restructuring and other action-related charges:							
Supply chain actions	2,637	—	2,637	2,637	—	2,637	0.01
Program exit costs	1,285	—	1,285	1,285	—	1,285	0.00
Other restructuring costs	(373)	4,443	4,070	4,070	—	4,070	0.01
COVID-19 related charges:							
Bad debt	—	9,418	9,418	9,418	—	9,418	0.03
Inventory	14,869	—	14,869	14,869	—	14,869	0.04
Tax effect on actions	—	—	—	—	(6,695)	(6,695)	(0.02)
Total restructuring and other action-related charges	18,418	13,861	32,279	32,279	(6,695)	25,584	0.07
As adjusted	<u>\$ 532,280</u>	<u>\$ (297,868)</u>	<u>\$234,412</u>	<u>\$ 188,684</u>	<u>\$ (26,532)</u>	<u>\$ 162,152</u>	<u>\$ 0.46</u>
As a percentage of net sales	34.5%	19.3%	15.2%				

	Quarter Ended June 29, 2019							
	Net Sales	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$1,636,709	\$ 604,182	\$ (384,289)	\$219,893	\$ 165,645	\$ (15,595)	\$ 150,050	\$ 0.41
Less exited programs <sup>2</sup>	(118,710)	(35,169)	9,712	(25,457)	(25,457)	3,590	(21,867)	(0.06)
As rebased	1,517,999	569,013	(374,577)	194,436	140,188	(12,005)	128,183	0.35
As a percentage of net sales		37.5%	24.7%	12.8%				
Restructuring and other action-related charges:								
Supply chain actions	—	12,429	—	12,429	12,429	—	12,429	0.03
Tax effect on actions	—	—	—	—	—	(1,753)	(1,753)	0.00
Total restructuring and other action-related charges	—	12,429	—	12,429	12,429	(1,753)	10,676	0.03
As adjusted	<u>\$1,517,999</u>	<u>\$ 581,442</u>	<u>\$ (374,577)</u>	<u>\$206,865</u>	<u>\$ 152,617</u>	<u>\$ (13,758)</u>	<u>\$ 138,859</u>	<u>\$ 0.38</u>
As a percentage of net sales		38.3%	24.7%	13.6%				

<sup>1</sup> Amounts may not be additive due to rounding.

<sup>2</sup> Includes the results for the exited C9 Champion mass program and the DKNY intimate apparel license.



**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures and Supplemental Financial Information**  
(in thousands, except per share data)  
(Unaudited)

	Quarter Ended September 26, 2020						
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$ 571,471	\$ (382,384)	\$ 189,087	\$ 140,689	\$ (22,464)	\$ 118,225	\$ 0.34
As a percentage of net sales	33.8%	22.6%	11.2%				
Restructuring and other action-related charges:							
Supply chain actions	2,098	—	2,098	2,098	—	2,098	0.01
Program exit costs	356	—	356	356	—	356	0.00
Other restructuring costs	(4)	1,199	1,195	1,195	—	1,195	0.00
COVID-19 related charges:							
Supply chain re-startup	45,149	3,459	48,608	48,608	—	48,608	0.14
Discrete tax benefits	—	—	—	—	(3,113)	(3,113)	(0.01)
Tax effect on actions	—	—	—	—	(7,360)	(7,360)	(0.02)
Total restructuring and other action-related charges	47,599	4,658	52,257	52,257	(10,473)	41,784	\$ 0.12
As adjusted	<u>\$ 619,070</u>	<u>\$ (377,726)</u>	<u>\$ 241,344</u>	<u>\$ 192,946</u>	<u>\$ (32,937)</u>	<u>\$ 160,009</u>	<u>\$ 0.46</u>
As a percentage of net sales	36.6%	22.3%	14.3%				

	Quarter Ended September 28, 2019							
	Net Sales	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$ 1,729,308	\$ 646,469	\$ (385,291)	\$ 261,178	\$ 211,134	\$ (22,129)	\$ 189,005	\$ 0.52
Less exited programs <sup>2</sup>	(118,698)	(36,290)	9,018	(27,272)	(27,272)	3,848	(23,424)	(0.06)
As rebased	1,610,610	610,179	(376,273)	233,906	183,862	(18,281)	165,581	0.45
As a percentage of net sales		37.9%	23.4%	14.5%				
Restructuring and other action-related charges:								
Supply chain actions	—	9,308	—	9,308	9,308	—	9,308	0.03
Other restructuring costs	—	—	535	535	535	—	535	0.00
Tax effect on actions	—	—	—	—	—	(1,389)	(1,389)	0.00
Total restructuring and other action-related charges	—	9,308	535	9,843	9,843	(1,389)	8,454	0.02
As adjusted	<u>\$ 1,610,610</u>	<u>\$ 619,487</u>	<u>\$ (375,738)</u>	<u>\$ 243,749</u>	<u>\$ 193,705</u>	<u>\$ (19,670)</u>	<u>\$ 174,035</u>	<u>\$ 0.48</u>
As a percentage of net sales		38.5%	23.3%	15.1%				

<sup>1</sup> Amounts may not be additive due to rounding.

<sup>2</sup> Includes the results for the exited C9 Champion mass program and the DKNY intimate apparel license.





**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures and Supplemental Financial Information**  
(in thousands, except per share data)  
(Unaudited)

	Quarter Ended January 2, 2021						
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit (Loss)	Income (Loss) From Continuing Operations Before Income Tax Expense	Income Tax Benefit (Expense)	Income (Loss) From Continuing Operations	Diluted Earnings (Loss) Per Share From Continuing Operations <sup>1</sup>
As reported	\$ 99,199	\$ (495,706)	\$ (396,507)	\$ (445,146)	\$ 152,948	\$ (292,198)	\$ (0.83)
As a percentage of net sales	5.9%	29.3%	(23.5)%				
Restructuring and other action-related charges:							
Supply chain actions	836	—	836	836	—	836	0.00
Other restructuring costs	(63)	515	452	452	—	452	0.00
COVID-19 related charges:							
Intangibles assets and goodwill	—	25,173	25,173	25,173	—	25,173	0.07
Full Potential plan:							
Inventory SKU rationalization	192,704	—	192,704	192,704	—	192,704	0.55
PPE inventory write-off	362,913	—	362,913	362,913	—	362,913	1.03
PPE vendor commitments	26,400	—	26,400	26,400	—	26,400	0.08
Write-off of acquisition tax asset	—	16,858	16,858	16,858	—	16,858	0.05
Discrete tax benefits	—	—	—	—	(66,515)	(66,515)	(0.19)
Tax effect on actions	—	—	—	—	(118,133)	(118,133)	(0.34)
Total restructuring and other action-related charges	582,790	42,546	625,336	625,336	(184,648)	440,688	1.25
As adjusted	<u>\$ 681,989</u>	<u>\$ (453,160)</u>	<u>\$ 228,829</u>	<u>\$ 180,190</u>	<u>\$ (31,700)</u>	<u>\$ 148,490</u>	<u>\$ 0.42</u>
As a percentage of net sales	40.4%	26.8%	13.5%				

	Quarter Ended December 28, 2019							
	Net Sales	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$1,610,012	\$ 633,129	\$ (403,123)	\$230,006	\$ 182,142	\$ (23,528)	\$ 158,614	\$ 0.43
Less exited programs <sup>2</sup>	(87,935)	(30,514)	9,307	(21,207)	(21,207)	1,241	(19,966)	(0.05)
As rebased	1,522,077	602,615	(393,816)	208,799	160,935	(22,287)	138,648	0.38
As a percentage of net sales		39.6%	25.9%	13.7%				
Restructuring and other action-related charges:								
Supply chain actions	—	13,622	—	13,622	13,622	—	13,622	0.04
Program exit costs	—	4,616	—	4,616	4,616	—	4,616	0.01
Other restructuring costs	—	—	829	829	829	—	829	0.00
Tax effect on actions	—	—	—	—	—	(16,032)	(16,032)	(0.04)
Total restructuring and other action-related charges	—	18,238	829	19,067	19,067	(16,032)	3,035	0.01
As adjusted	<u>\$1,522,077</u>	<u>\$ 620,853</u>	<u>\$ (392,987)</u>	<u>\$227,866</u>	<u>\$ 180,002</u>	<u>\$ (38,319)</u>	<u>\$ 141,683</u>	<u>\$ 0.39</u>
As a percentage of net sales		40.8%	25.8%	15.0%				

<sup>1</sup> Amounts may not be additive due to rounding.

<sup>2</sup> Includes the results for the exited C9 Champion mass program and the DKNY intimate apparel license.



**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures and Supplemental Financial Information**  
(in thousands, except per share data)  
(Unaudited)

	Year Ended January 2, 2021						
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income (Loss) From Continuing Operations Before Income Tax Expense	Income Tax Benefit (Expense)	Income (Loss) From Continuing Operations	Diluted Earnings (Loss) Per Share From Continuing Operations <sup>1</sup>
As reported	\$1,602,700	\$ (1,560,034)	\$ 42,666	\$ (142,227)	\$ 109,940	\$ (32,287)	\$ (0.09)
As a percentage of net sales	26.2%	25.5%	0.7%				
Restructuring and other action-related charges:							
Supply chain actions	19,636	—	19,636	19,636	—	19,636	0.06
Program exit costs	9,387	467	9,854	9,854	—	9,854	0.03
Other restructuring costs	(440)	8,203	7,763	7,763	—	7,763	0.02
COVID-19 related charges:							
Supply chain re-startup	45,149	3,459	48,608	48,608	—	48,608	0.14
Bad debt	—	9,418	9,418	9,418	—	9,418	0.03
Inventory	14,869	—	14,869	14,869	—	14,869	0.04
Intangibles assets and goodwill	—	25,173	25,173	25,173	—	25,173	0.07
Full Potential plan:							
Inventory SKU rationalization	192,704	—	192,704	192,704	—	192,704	0.55
PPE inventory write-off	362,913	—	362,913	362,913	—	362,913	1.03
PPE vendor commitments	26,400	—	26,400	26,400	—	26,400	0.07
Write-off of acquisition tax asset	—	16,858	16,858	16,858	—	16,858	0.05
Discrete tax benefits	—	—	—	—	(69,628)	(69,628)	(0.20)
Tax effect on actions	—	—	—	—	(135,714)	(135,714)	(0.38)
Total restructuring and other action-related charges	670,618	63,578	734,196	734,196	(205,342)	528,854	1.50
As adjusted	<u>\$2,273,318</u>	<u>\$ (1,496,456)</u>	<u>\$776,862</u>	<u>\$ 591,969</u>	<u>\$ (95,402)</u>	<u>\$ 496,567</u>	<u>\$ 1.40</u>
As a percentage of net sales	37.1%	24.4%	12.7%				

	Year Ended December 28, 2019							
	Net Sales	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$6,425,716	\$2,428,702	\$ (1,578,017)	\$850,685	\$ 643,560	\$ (70,236)	\$ 573,324	\$ 1.57
Less exited programs <sup>2</sup>	(419,447)	(131,861)	37,002	(94,859)	(94,859)	11,629	(83,230)	(0.23)
As rebased	6,006,269	2,296,841	(1,541,015)	755,826	548,701	(58,607)	490,094	1.34
As a percentage of net sales	38.2%	25.7%	12.6%					
Restructuring and other action-related charges:								
Supply chain actions	—	52,832	—	52,832	52,832	—	52,832	0.14
Program exit costs	—	4,616	—	4,616	4,616	—	4,616	0.01
Other restructuring costs	—	—	5,067	5,067	5,067	—	5,067	0.01
Tax effect on actions	—	—	—	—	—	(22,159)	(22,159)	(0.06)
Total restructuring and other action-related charges	—	57,448	5,067	62,515	62,515	(22,159)	40,356	0.11
As adjusted	<u>\$6,006,269</u>	<u>\$2,354,289</u>	<u>\$ (1,535,948)</u>	<u>\$818,341</u>	<u>\$ 611,216</u>	<u>\$ (80,766)</u>	<u>\$ 530,450</u>	<u>\$ 1.45</u>
As a percentage of net sales	39.2%	25.6%	13.6%					

<sup>1</sup> Amounts may not be additive due to rounding.

<sup>2</sup> Includes the results for the exited C9 Champion mass program and the DKNY intimate apparel license.



**HANESBRANDS INC.**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures and Supplemental Financial Information**  
(in thousands, except per share data)  
(Unaudited)

The key components from discontinued operations related to the European Innerwear business are as follows:

	Quarters Ended				Year Ended December 28, 2019	Quarters Ended				Year Ended January 2, 2021
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019		March 28, 2020	June 27, 2020	September 26, 2020	January 2, 2021	
Net sales	\$ 155,351	\$ 138,044	\$ 150,143	\$ 155,010	\$ 598,548	\$ 127,671	\$ 205,591	\$ 125,913	\$ 139,147	\$ 598,322
Operating profit (loss), as calculated under GAAP	\$ 10,036	\$ 9,707	\$ 5,893	\$ 13,409	\$ 39,045	\$ (13,823)	\$ 39,403	\$ (14,516)	\$ (47,229)	\$ (36,165)
Restructuring and other action-related charges	197	180	94	500	971	4,875	31,017	312	35,387	71,591
Operating profit (loss), as adjusted	\$ 10,233	\$ 9,887	\$ 5,987	\$ 13,909	\$ 40,016	\$ (8,948)	\$ 70,420	\$ (14,204)	\$ (11,842)	\$ 35,426
Income (loss) from discontinued operations, net of tax, as reported	\$ 5,433	\$ (495)	\$ (3,914)	\$ 26,372	\$ 27,396	\$ (12,992)	\$ 24,613	\$ (14,947)	\$ (39,966)	\$ (43,292)
Restructuring and other action-related charges	197	180	94	500	971	4,875	31,017	312	35,387	71,591
Tax effect on actions	(28)	(25)	(13)	(277)	(343)	(708)	(5,720)	1,736	(8,978)	(13,670)
Income (loss) from discontinued operations, net of tax, as adjusted	\$ 5,602	\$ (340)	\$ (3,833)	\$ 26,595	\$ 28,024	\$ (8,825)	\$ 49,910	\$ (12,899)	\$ (13,557)	\$ 14,629
Diluted earnings (loss) per share from discontinued operations, as reported <sup>1</sup>	\$ 0.01	\$ 0.00	\$ (0.01)	\$ 0.07	\$ 0.07	\$ (0.04)	\$ 0.07	\$ (0.04)	\$ (0.11)	\$ (0.12)
Restructuring and other action-related charges	0.00	0.00	0.00	0.00	0.00	0.01	0.07	0.01	0.08	0.16
Diluted earnings (loss) per share from discontinued operations, as adjusted	\$ 0.02	\$ 0.00	\$ (0.01)	\$ 0.07	\$ 0.08	\$ (0.02)	\$ 0.14	\$ (0.04)	\$ (0.04)	\$ 0.04

<sup>1</sup> Amounts may not be additive due to rounding.



**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Supplemental Financial Information - As REPORTED**  
(in thousands)  
(Unaudited)

	Quarters Ended				Year Ended
	March 28, 2020	June 27, 2020	September 26, 2020	January 2, 2021	January 2, 2021
<b>Segment net sales:</b>					
Innerwear	\$ 422,402	\$ 1,094,814	\$ 792,600	\$ 668,193	\$ 2,978,009
Activewear	288,000	168,379	324,921	403,113	1,184,413
International	428,230	251,285	506,203	525,714	1,711,432
Other	64,438	28,605	68,139	92,125	253,307
Total net sales	<u>\$ 1,203,070</u>	<u>\$ 1,543,083</u>	<u>\$ 1,691,863</u>	<u>\$ 1,689,145</u>	<u>\$ 6,127,161</u>
<b>Segment operating profit (loss):</b>					
Innerwear	\$ 81,551	\$ 304,524	\$ 172,000	\$ 160,848	\$ 718,923
Activewear	8,108	(5,751)	29,568	35,718	67,643
International	50,745	5,162	101,029	92,782	249,718
Other	(3,393)	(11,929)	3,059	2,123	(10,140)
General corporate expenses/other	(64,734)	(57,594)	(64,312)	(62,642)	(249,282)
Total operating profit before restructuring and other action-related charges	72,277	234,412	241,344	228,829	776,862
Restructuring and other action-related charges	(24,324)	(32,279)	(52,257)	(625,336)	(734,196)
Total operating profit (loss)	<u>\$ 47,953</u>	<u>\$ 202,133</u>	<u>\$ 189,087</u>	<u>\$ (396,507)</u>	<u>\$ 42,666</u>

	Quarters Ended				Year Ended
	March 30, 2019	June 29, 2019	September 28, 2019	December 28, 2019	December 28, 2019
<b>Segment net sales:</b>					
Innerwear	\$ 475,945	\$ 678,604	\$ 578,453	\$ 569,630	\$ 2,302,632
Activewear	405,340	448,277	548,117	452,970	1,854,704
International	490,829	430,819	513,382	495,798	1,930,828
Other	77,573	79,009	89,356	91,614	337,552
Total net sales	<u>\$ 1,449,687</u>	<u>\$ 1,636,709</u>	<u>\$ 1,729,308</u>	<u>\$ 1,610,012</u>	<u>\$ 6,425,716</u>
<b>Segment operating profit:</b>					
Innerwear	\$ 104,626	\$ 149,530	\$ 121,467	\$ 140,368	\$ 515,991
Activewear	43,593	68,779	97,314	71,633	281,319
International	84,776	66,490	94,908	85,148	331,322
Other	2,435	7,994	12,898	10,112	33,439
General corporate expenses/other	(74,646)	(60,471)	(55,566)	(58,188)	(248,871)
Total operating profit before restructuring and other action related charges	160,784	232,322	271,021	249,073	913,200
Restructuring and other action-related charges	(21,176)	(12,429)	(9,843)	(19,067)	(62,515)
Total operating profit	<u>\$ 139,608</u>	<u>\$ 219,893</u>	<u>\$ 261,178</u>	<u>\$ 230,006</u>	<u>\$ 850,685</u>



**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Supplemental Financial Information - As ADJUSTED**  
(in thousands)  
(Unaudited)

	Quarters Ended				Year Ended
	March 28, 2020	June 27, 2020	September 26, 2020	January 2, 2021	January 2, 2021
<b>Segment net sales:</b>					
Innerwear	\$ 422,402	\$ 1,094,814	\$ 792,600	\$ 668,193	\$ 2,978,009
Activewear	288,000	168,379	324,921	403,113	1,184,413
International	428,230	251,285	506,203	525,714	1,711,432
Other	64,438	28,605	68,139	92,125	253,307
Total net sales	<u>\$ 1,203,070</u>	<u>\$ 1,543,083</u>	<u>\$ 1,691,863</u>	<u>\$ 1,689,145</u>	<u>\$ 6,127,161</u>
<b>Segment operating profit (loss):</b>					
Innerwear	\$ 81,551	\$ 304,524	\$ 172,000	\$ 160,848	\$ 718,923
Activewear	8,108	(5,751)	29,568	35,718	67,643
International	50,745	5,162	101,029	92,782	249,718
Other	(3,393)	(11,929)	3,059	2,123	(10,140)
General corporate expenses/other	(64,734)	(57,594)	(64,312)	(62,642)	(249,282)
Total operating profit, as adjusted	<u>\$ 72,277</u>	<u>\$ 234,412</u>	<u>\$ 241,344</u>	<u>\$ 228,829</u>	<u>\$ 776,862</u>
	March 30, 2019 <sup>1</sup>	June 29, 2019 <sup>1</sup>	September 28, 2019 <sup>1</sup>	December 28, 2019 <sup>1</sup>	Year Ended December 28, 2019 <sup>1</sup>
<b>Segment net sales:</b>					
Innerwear	\$ 466,414	\$ 657,477	\$ 562,285	\$ 558,302	\$ 2,244,478
Activewear	320,767	350,694	445,587	376,363	1,493,411
International	490,829	430,819	513,382	495,798	1,930,828
Other	77,573	79,009	89,356	91,614	337,552
Total net sales, as adjusted	<u>\$ 1,355,583</u>	<u>\$ 1,517,999</u>	<u>\$ 1,610,610</u>	<u>\$ 1,522,077</u>	<u>\$ 6,006,269</u>
<b>Segment operating profit:</b>					
Innerwear	\$ 103,126	\$ 146,997	\$ 117,771	\$ 137,945	\$ 505,839
Activewear	24,170	45,855	73,738	52,849	196,612
International	84,776	66,490	94,908	85,148	331,322
Other	2,435	7,994	12,898	10,112	33,439
General corporate expenses/other	(74,646)	(60,471)	(55,566)	(58,188)	(248,871)
Total operating profit, as adjusted	<u>\$ 139,861</u>	<u>\$ 206,865</u>	<u>\$ 243,749</u>	<u>\$ 227,866</u>	<u>\$ 818,341</u>

<sup>1</sup> Results for the quarters ended March 30, 2019, June 29, 2019, September 28, 2019, December 28, 2019 and year ended December 28, 2019 reflect adjustments for the exited C9 Champion mass program and the DKNY intimate apparel license.



TABLE 4

**HANESBRANDS INC.**  
**Supplemental Financial Information**  
**Reconciliation of GAAP Outlook to Adjusted Outlook**  
(in millions, except per share data)  
(Unaudited)

<b>First Quarter 2021</b>	<b>HBI Continuing Operations - Adjusted</b>	<b>European Innerwear - Adjusted<sup>1</sup></b>	<b>HBI Adjusted incl. European Innerwear<sup>2</sup></b>	<b>Company Guidance Adjusted<sup>3</sup></b>	<b>Charges - Continuing Operations</b>	<b>European Innerwear - Discontinued Operations</b>	<b>HBI GAAP</b>	<b>Company Guidance - GAAP</b>
Net sales	\$ 1,508	\$ 125	\$ 1,633	\$1,485 to \$1,515	\$ —	\$ (125)	\$ 1,508	\$1,485 to \$1,515
Operating profit (loss)	\$ 210	\$ (7)	\$ 203	\$150 to \$160	\$ (19)	\$ 7	\$ 190	\$140 to \$150
Diluted earnings (loss) per share	\$ 0.39	\$ (0.02)	\$ 0.37	\$0.24 to \$0.27	\$ (0.02)	\$ (1.11)	\$ (0.75)	\$0.24 to \$0.27

<sup>1</sup> Includes elimination of intercompany supply chain sales to the European Innerwear business of \$ 11 million included in net sales from continuing operations.

<sup>2</sup> Comparable to February 9, 2021 guidance and May 10, 2021 consensus estimates.

<sup>3</sup> Provided February 9, 2021, first quarter 2021 only.

	<b>Quarter Ended July 3, 2021</b>	<b>Year Ended January 1, 2022</b>
Operating profit outlook, as calculated under GAAP	\$179 to \$189	\$730 to \$760
Restructuring and other action-related charges	\$21	\$85
Operating profit outlook, as adjusted	\$200 to \$210	\$815 to \$845
Diluted earnings per share from continuing operations, as calculated under GAAP <sup>1</sup>	\$0.32 to \$0.35	\$1.33 to \$1.41
Restructuring and other action-related charges	\$0.05	\$0.18
Diluted earnings per share from continuing operations, as adjusted	\$0.37 to \$0.40	\$1.51 to \$1.59

<sup>1</sup> The company expects approximately 352 million diluted weighted average shares outstanding for the quarter ended July 3, 2021 and approximately 353 million diluted weighted average shares outstanding for the year ended January 1, 2022.



# Appendix



**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Supplemental Financial Information**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures**  
**(in thousands, except per share data)**  
**(Unaudited)**

**TABLE 5**

The following table presents a reconciliation of International reported net sales on a constant currency basis for the quarter ended April 3, 2021 and a comparison to prior year:

	Quarter Ended April 3, 2021			Quarter Ended March 28, 2020	% Change, As Reported	% Change, Constant Currency
	As Reported	Impact from Foreign Currency <sup>1</sup>	Constant Currency			
As reported under GAAP:						
International segment net sales	\$ 506,261	\$ 43,073	\$463,188	\$428,230	18.2%	8.2%

The following tables present a reconciliation of reported results to adjusted results for the quarters ended April 3, 2021 and March 28, 2020:

	Quarter Ended April 3, 2021						
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$ 602,681	\$ (412,559)	\$190,122	\$ 143,101	\$ (14,697)	\$ 128,404	\$ 0.37
As a percentage of net sales	<b>40.0%</b>	<b>27.4%</b>	<b>12.6%</b>				
Restructuring and other action-related charges:							
Full Potential Plan:							
Professional services	—	11,706	11,706	11,706	—	11,706	0.03
Impairment of intangible assets	—	7,302	7,302	7,302	—	7,302	0.02
Other	2,807	(2,422)	385	385	—	385	—
Discrete tax benefit	—	—	—	—	(7,295)	(7,295)	(0.02)
Tax effect on actions	—	—	—	—	(4,007)	(4,007)	(0.01)
Total restructuring and other action-related charges	2,807	16,586	19,393	19,393	(11,302)	8,091	0.02
As adjusted	<u>\$ 605,488</u>	<u>\$ (395,973)</u>	<u>\$209,515</u>	<u>\$ 162,494</u>	<u>\$ (25,999)</u>	<u>\$ 136,495</u>	<u>\$ 0.39</u>
As a percentage of net sales	<b>40.2%</b>	<b>26.3%</b>	<b>13.9%</b>				

	Quarter Ended March 28, 2020						
	Gross Profit	Selling, General and Administrative Expenses	Operating Profit	Income From Continuing Operations Before Income Tax Expense	Income Tax Expense	Income From Continuing Operations	Diluted Earnings Per Share From Continuing Operations <sup>1</sup>
As reported	\$ 418,168	\$ (370,215)	\$ 47,953	\$ 5,825	\$ (707)	\$ 5,118	\$ 0.01
As a percentage of net sales	<b>34.8%</b>	<b>30.8%</b>	<b>4.0%</b>				
Restructuring and other action-related charges:							
Supply chain actions	14,065	—	14,065	14,065	—	14,065	0.04
Program exit costs	7,746	467	8,213	8,213	—	8,213	0.02
Other restructuring costs	—	2,046	2,046	2,046	—	2,046	0.01
Tax effect on actions	—	—	—	—	(3,526)	(3,526)	(0.01)
Total restructuring and other action-related charges	21,811	2,513	24,324	24,324	(3,526)	20,798	0.06
As adjusted	<u>\$ 439,979</u>	<u>\$ (367,702)</u>	<u>\$ 72,277</u>	<u>\$ 30,149</u>	<u>\$ (4,233)</u>	<u>\$ 25,916</u>	<u>\$ 0.07</u>
As a percentage of net sales	<b>36.6%</b>	<b>30.6%</b>	<b>6.0%</b>				

<sup>1</sup> Amounts may not be additive due to rounding.





**HANESBRANDS INC.**  
**Including European Innerwear Business as Discontinued Operations**  
**Supplemental Financial Information**  
**Reconciliation of Select GAAP Measures to Non-GAAP Measures**  
**(in thousands, except per share data)**  
**(Unaudited)**

	Years Ended	
	January 2, 2021 <sup>1</sup>	January 1, 2021 <sup>2</sup>
Free cash flow:		
Net cash from operating activities	\$448,469	\$ 525,000
Capital expenditures	(53,735)	(140,000)
Free cash flow	\$394,734	\$ 385,000

<sup>1</sup> Free cash flow includes the results from continuing and discontinued operations.

<sup>2</sup> Represents the 2021 outlook for free cash flow.

Hanesbrands is unable to reconcile projections of financial performance beyond 2021 without unreasonable efforts, because the company cannot predict, with a reasonable degree of certainty, the type and extent of certain items that would be expected to impact these figures in 2022 and beyond, such as net sales, operating profit, tax rates and action related charges.



**Hanesbrands FAQs****Updated May 11, 2021 – New or updated information is in red****General and Current Period FAQs (Guidance comments as of May 11, 2021)**

Unless otherwise indicated, all guidance and related commentary as well as comparisons to prior periods reflect continuing operations.

(1) Q: What is factored into your full-year 2021 guidance?

A: *Net Sales: Our full-year 2021 outlook reflects the continued uncertainty due to the COVID-19 pandemic. We expect total net sales from continuing operations of \$6.2 billion to \$6.3 billion. This includes an approximate \$100 million tailwind from the effects of foreign exchange rates as compared to last year. The foreign exchange impact is reflected within the International segment. At the midpoint, our guidance implies net sales growth of approximately 2% over prior year on a reported basis. Adjusting for the 53<sup>rd</sup> week in 2020, the midpoint of our guidance implies net sales growth of approximately 3% on a reported basis.*

*Adjusting for the \$820 million of PPE sales and the 53<sup>rd</sup> week in 2020, at the midpoint our full-year 2021 guidance implies net sales growth of approximately 19% over prior year on a reported basis.*

*Operating Profit (GAAP and Adjusted): Our guidance for GAAP Operating Profit from continuing operations is \$730 million to \$760 million. Our guidance for Adjusted Operating Profit from continuing operations, which excludes approximately \$85 million of pretax Full Potential plan-related charges, is \$815 million to \$845 million. Our operating profit guidance includes an approximate \$15 million tailwind from the effects of foreign exchange rates as compared to last year. At the midpoint, our guidance implies an Adjusted Operating Margin of 13.3%. The expected year-over-year margin increase reflects: (1) an incremental \$50 million of brand marketing investment over 2020, most of which is in the second-half; (2) the benefits from cost savings initiatives; (3) higher inflation, particularly transportation, and higher SG&A expense due to temporary COVID-driven cost cuts in the second-quarter 2020; and, (4) expense leverage from higher sales.*

*As compared to re-based 2019, at the midpoint of our full-year 2021 guidance, which includes incremental brand investment and COVID-related expenses, net sales and adjusted operating profit are expected to be above 2019 levels.*

*Interest/Other Expenses and Tax Rate: Our guidance assumes Interest and Other expenses of approximately \$185 million as well as GAAP and adjusted tax rates of approximately 14% and 15%, respectively.*

*EPS (GAAP and Adjusted): Our guidance for GAAP EPS from continuing operations is \$1.33 to \$1.41. Our guidance for Adjusted EPS from continuing operations, which excludes pretax Full Potential plan-related expenses (see above), is \$1.51 to \$1.59. Both ranges are based on diluted shares outstanding of approximately 353 million for the year.*

*Cash flow from operations: Our full-year cash flow from operations guidance is \$500 million to \$550 million. Our capital expenditure guidance is approximately \$140 million, which includes approximately \$50 million related to our Full Potential plan.*

*Pretax expenses: Our guidance reflects approximately \$85 million of pretax Full Potential plan-related charges.*

*Aside from \$4 million of sales and no operating profit recorded in the first-quarter 2021, there are no sales or profit related to the selling of our PPE inventory included in our full-year 2021 guidance ranges (sales, operating profit and*

EPS ranges noted above). We will not include any sales or profit related to the potential selling of the PPE inventory in any future guidance. In the event we sell any of the PPE inventory in future periods, we will clearly disclose the amount of PPE sales/profits included in our reported results for those future periods. Donations of PPE inventory will have no impact to sales or profits in future periods as this inventory has been fully written down.

(2) Q: What is factored into your second-quarter 2021 guidance?

A: Our second-quarter 2021 outlook reflects the continued uncertainty due to the COVID-19 pandemic. We expect total net sales from continuing operations of \$1.56 billion to \$1.59 billion. This includes an approximate \$35 million tailwind from the effects of foreign exchange rates as compared to last year. The foreign exchange impact is reflected within the International segment. At the midpoint, our guidance implies net sales growth of approximately 2% over prior year on a reported basis. Excluding the \$614 million of PPE sales in the second-quarter of 2020, at the midpoint our second-quarter 2021 guidance implies net sales growth of approximately 69% over prior year. As compared to the re-based 2019, at the midpoint, our guidance implies net sales are approximately 4% above the second-quarter of 2019.

Our guidance for GAAP Operating Profit from continuing operations is \$179 million to \$189 million. Our guidance for Adjusted Operating Profit from continuing operations, which excludes approximately \$21 million of pretax Full Potential plan-related charges, is \$200 million to \$210 million. Our operating profit guidance includes an approximate \$5 million tailwind from the effects of foreign exchange rates as compared to last year. At the midpoint, our guidance implies an Adjusted Operating Margin of 13.0%. The expected year-over-year margin decline is due to: (1) the impact from inflation, particularly transportation, as well as higher levels of brand investment in the second-quarter of 2021; and (2) last year's second-quarter benefited from significant fixed cost leverage from PPE volume-driven efficiencies in the supply chain as well as the temporary COVID-driven cost reductions in SG&A.

Our guidance assumes Interest and Other expenses of approximately \$45 million as well as both GAAP and adjusted tax rates of approximately 15%. Our guidance for GAAP EPS from continuing operations is \$0.32 to \$0.35. Our guidance for Adjusted EPS from continuing operations, which excludes pretax Full Potential plan-related expenses (see above), is \$0.37 to \$0.40. Both ranges are based on diluted shares outstanding of approximately 352 million for the quarter.

No sales or profit related to the selling of our PPE inventory are included in our second-quarter 2021 guidance ranges (sales, operating profit and EPS ranges noted above). We will not include any sales or profit related to the potential selling of the PPE inventory in any future guidance. In the event we sell any of the PPE inventory in future periods, we will clearly disclose the amount of PPE sales/profits included in our reported results for those future periods. Donations of PPE inventory will have no impact to sales or profits in future periods as this inventory has been fully written down.

(3) Q: Can you provide any additional information regarding the reclassification of the European Innerwear business to Discontinued Operations?

A: Please see the Investor Day Handout, which can be found on our IR website at [www.Hanes.com/Investors](http://www.Hanes.com/Investors), or in the 8-K filing on May 11, 2021.

\*\*\*For prior FAQs please see our prior Securities and Exchange Commission reports, including our Current Reports on Form 8-K.\*\*\*

###

### Charges for Actions and Reconciliation to GAAP Measures

To supplement our financial guidance prepared in accordance with generally accepted accounting principles, we provide quarterly and full-year results and guidance concerning certain non-GAAP financial measures, including adjusted EPS, adjusted net income, adjusted income tax expense, adjusted income before income tax expense, adjusted operating profit (and margin), adjusted SG&A, adjusted gross profit (and margin), EBITDA, adjusted EBITDA and net debt.

Adjusted EPS is defined as diluted EPS from continuing operations excluding actions and the tax effect on actions. Adjusted net income is defined as net income from continuing operations excluding actions and the tax effect on actions. Adjusted income tax expense is defined as income tax expense excluding actions. Adjusted income from continuing operations before income tax is defined as income from continuing operations before income tax excluding actions. Adjusted operating profit is defined as operating profit excluding actions. Adjusted gross profit is defined as gross profit excluding actions. Adjusted SG&A is defined as selling, general and administrative expenses excluding actions.

Charges taken in 2020 include supply chain restructuring actions, program exit costs, COVID-19 related charges, Full Potential plan charges and the write-off of a discrete tax asset related to our *Bras N Things* acquisition. COVID-19 related charges include intangible asset and goodwill impairment charges, bad debt expense and supply chain re-startup costs. Full Potential plan charges include inventory write-down charges related to our SKU reduction initiative and discontinuation of our PPE business. Charges for actions taken in 2021 include professional fees and first quarter's intangible asset impairment charges related to our Full Potential plan. While these costs are not operational in nature and are not expected to continue for any singular transaction on an ongoing basis, similar types of costs, expenses and charges have occurred in prior periods and may recur in future periods depending upon future business plans and circumstances.

We have chosen to present these non-GAAP measures to investors to enable additional analyses of past, present and future operating performance and as a supplemental means of evaluating operations absent the effect of acquisitions and other actions. We believe these non-GAAP measures provide management and investors with valuable supplemental information for analyzing the operating performance of the Company's ongoing business during each period presented without giving effect to costs associated with the execution and integration of any of the aforementioned actions taken.

We have also chosen to present EBITDA, adjusted EBITDA and the ratio of net debt to adjusted EBITDA to investors because we consider these measures to be an important supplemental means of evaluating operating performance. EBITDA is defined as earnings from continuing operations before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding actions and stock compensation expense. Net debt is defined as total debt less cash and cash equivalents. We believe that these metrics are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, and management uses the ratio of net debt to adjusted EBITDA for planning purposes in connection with setting our capital allocation strategy. These metrics should not, however, be considered as measures of discretionary cash available to invest in the growth of the business.

We are a global company that reports financial information in U.S. dollars in accordance with GAAP. As a supplement to our reported operating results, we also present constant currency financial information, which is a non-GAAP financial measure that excludes the impact of translating foreign currencies into U.S. dollars. We use constant currency information to provide a framework to assess how the business performed excluding the effects of changes in the rates used to calculate foreign currency translation. We believe this information is useful to management and investors to facilitate comparison of operating results and better identify trends in our businesses. To calculate foreign currency translation on a constant currency basis, operating results for the current year period for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year (rather than the actual exchange rates in effect during the current year period). Organic sales are net sales excluding those derived from businesses acquired within the previous 12 months of a reporting date.

We believe constant currency and organic sales information is useful to management and investors to facilitate comparison of operating results and better identify trends in the company's businesses.

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as an alternative to, or substitute for, financial results prepared in accordance with GAAP. Further, the non-GAAP measures presented may be different from non-GAAP measures with similar or identical names presented by other companies. See our press release dated May 11, 2021 to reconcile quarterly and full-year non-GAAP performance measures to the most directly comparable GAAP measure. A copy of the press release is available at [www.Hanes.com/Investors](http://www.Hanes.com/Investors).

#### Cautionary Statement Concerning Forward-Looking Statements

These FAQs include certain "forward-looking statements," as defined under U.S. federal securities laws, with respect to our long-term goals and trends associated with our business, as well as guidance as to future performance. In particular, among others, statements regarding the potential impact of the COVID-19 pandemic on our business and financial performance, guidance and predictions regarding expected operating results, including related to our Full Potential plan, and the disposal of our European Innerwear business are forward-looking statements. These forward-looking statements are based on our current intent, beliefs, plans and expectations. Readers are cautioned not to place any undue reliance on any forward-looking statements. Forward-looking statements necessarily involve risks and uncertainties, many of which are outside of our control, that could cause actual results to differ materially from such statements and from our historical results and experience. These risks and uncertainties include such things as: our ability to successfully execute our Full Potential plan to achieve the desired results; the potential effects of the COVID-19 pandemic, including on consumer spending, global supply chains and the financial markets; the highly competitive and evolving nature of the industry in which we compete; the rapidly changing retail environment; our reliance on a relatively small number of customers for a significant portion of our sales; any inadequacy, interruption, integration failure or security failure with respect to our information technology; the impact of significant fluctuations and volatility in various input costs, such as cotton and oil-related materials, utilities, freight and wages; our ability to attract and retain a senior management team with the core competencies needed to support growth in global markets; our ability to properly manage strategic projects, such as our Full Potential plan, in order to achieve the desired results; significant fluctuations in foreign exchange rates; legal, regulatory, political and economic risks related to our international operations; our ability to effectively manage our complex multinational tax structure; and other risks identified from time to time in our most recent Securities and Exchange Commission reports, including our annual report on Form 10-K and quarterly reports on Form 10-Q. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, other than as required by law.