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

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2020

or

☐ **Transition Report pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

for the transition period from to

Commission File No. 0-22818

THE HAIN CELESTIAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**22-3240619**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

1111 Marcus Avenue, Lake Success, NY 11042
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (516) 587-5000

Former name, former address and former fiscal year, if changed since last report: N/A

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.01 per share	HAIN	The NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of April 30, 2020, there were 101,954,182 shares outstanding of the registrant’s Common Stock, par value $.01 per share.

THE HAIN CELESTIAL GROUP, INC.

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Cautionary Note Regarding Forward Looking Information

This Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the “Form 10-Q”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, relating to our business and financial outlook, which are based on our current beliefs, assumptions, expectations, estimates, forecasts and projections about future events only as of the date of this Quarterly Report on Form 10-Q, and are not statements of historical fact. We make such forward-looking statements pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995.

Many of our forward-looking statements include discussions of trends and anticipated developments under the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this Quarterly Report on Form 10-Q. In some cases, you can identify forward-looking statements by terminology such as the use of “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “intends,” “predicts,” “potential,” or “continue” and similar expressions, or the negative of those expressions. These forward-looking statements include, among other things, our beliefs or expectations relating to our business strategy, growth strategy, market price, brand portfolio and product performance, the seasonality of our business and our results of operations and financial condition. These forward-looking statements are not guarantees of our future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict. Therefore, our actual outcomes and results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date hereof, unless it is specifically otherwise stated to be made as of a different date. We undertake no obligation to further update any such statement to reflect new information, the occurrence of future events or circumstances or otherwise.

The forward-looking statements in this filing do not constitute guarantees or promises of future performance. Factors that could cause or contribute to such differences may include, but are not limited to, challenges and uncertainty resulting from the COVID-19 pandemic, the impact of competitive products and changes to the competitive environment, changes to consumer preferences, the United Kingdom's exit from the European Union, consolidation of customers or the loss of a significant customer, reliance on independent distributors, general economic and financial market conditions, risks associated with our international sales and operations, our ability to manage our supply chain effectively, volatility in the cost of commodities, ingredients, freight and fuel, our ability to execute and realize cost savings initiatives, including stock-keeping unit (“SKU”) rationalization plans, the impact of our debt and our credit agreements on our financial condition and our business, our ability to manage our financial reporting and internal control system processes, potential liabilities due to legal claims, government investigations and other regulatory enforcement actions, costs incurred due to pending and future litigation, potential liability, including in connection with indemnification obligations to our current and former officers and members of our Board of Directors that may not be covered by insurance, potential liability if our products cause illness or physical harm, impairments in the carrying value of goodwill or other intangible assets, our ability to consummate divestitures, our ability to integrate past acquisitions, the availability of organic ingredients, disruption of operations at our manufacturing facilities, loss of one or more independent co-packers, disruption of our transportation systems, risks relating to the protection of intellectual property, the risk of liabilities and claims with respect to environmental matters, the reputation of our brands, our reliance on independent certification for a number of our products and other risks described in Part I, Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2019 under the heading “Risk Factors”, as supplemented by Part II, Item 1A of this Quarterly Report on Form 10-Q under the heading "Risk Factors", and Part I, Item 2 of this Quarterly Report on Form 10-Q under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as in other reports that we file in the future.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
MARCH 31, 2020 AND JUNE 30, 2019
(In thousands, except par values)

	March 31, 2020	June 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 41,549	$ 31,017
Accounts receivable, less allowance for doubtful accounts of $851 and $588, respectively	237,719	209,990
Inventories	238,133	299,341
Prepaid expenses and other current assets	86,653	51,391
Current assets of discontinued operations	—	110,048
Total current assets	604,054	701,787
Property, plant and equipment, net	287,629	287,845
Goodwill	861,067	875,881
Trademarks and other intangible assets, net	355,714	380,286
Investments and joint ventures	18,103	18,890
Operating lease right-of-use assets	81,959	—
Other assets	27,611	58,764
Noncurrent assets of discontinued operations	—	259,167
Total assets	$ 2,236,137	$ 2,582,620
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 181,783	$ 219,957
Accrued expenses and other current liabilities	118,405	114,265
Current portion of long-term debt	2,041	17,232
Current liabilities of discontinued operations	—	31,703
Total current liabilities	302,229	383,157
Long-term debt, less current portion	363,526	613,537
Deferred income taxes	40,136	34,757
Operating lease liabilities, noncurrent portion	74,937	—
Other noncurrent liabilities	16,261	14,489
Noncurrent liabilities of discontinued operations	—	17,361
Total liabilities	797,089	1,063,301
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock - $.01 par value, authorized 5,000 shares; issued and outstanding: none	—	—
Common stock - $.01 par value, authorized 150,000 shares; issued: 109,089 and 108,833 shares, respectively; outstanding:101,972 and 104,219 shares, respectively	1,092	1,088
Additional paid-in capital	1,168,378	1,158,257
Retained earnings	610,932	695,017
Accumulated other comprehensive loss	(172,403)	(225,004)
	1,607,999	1,629,358
Less: Treasury stock, at cost, 7,117 and 4,614 shares, respectively	(168,951)	(110,039)
Total stockholders' equity	1,439,048	1,519,319
Total liabilities and stockholders' equity	$ 2,236,137	$ 2,582,620

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020 AND 2019
(In thousands, except per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Net sales	$ 553,297	$ 547,257	$ 1,542,157	$ 1,599,301
Cost of sales	420,902	434,049	1,206,324	1,295,834
Gross profit	132,395	113,208	335,833	303,467
Selling, general and administrative expenses	85,447	81,088	245,205	235,561
Amortization of acquired intangibles	3,174	3,265	9,446	9,946
Productivity and transformation costs	11,514	9,408	37,949	29,613
Chief Executive Officer Succession Plan expense, net	—	455	—	30,156
Proceeds from insurance claim	(400)	—	(2,962)	—
Accounting review and remediation costs, net of insurance proceeds	—	—	—	4,334
Long-lived asset and intangibles impairment	13,525	—	15,414	23,709
Operating income (loss)	19,135	18,992	30,781	(29,852)
Interest and other financing expense, net	4,037	5,994	15,068	15,736
Other (income) expense, net	(260)	1,067	2,312	2,038
Income (loss) from continuing operations before income taxes and equity in net loss of equity-method investees	15,358	11,931	13,401	(47,626)
(Benefit) provision for income taxes	(10,242)	2,943	(9,753)	(1,926)
Equity in net loss of equity-method investees	564	205	1,219	391
Net income (loss) from continuing operations	$ 25,036	$ 8,783	$ 21,935	$ (46,091)
Net loss from discontinued operations, net of tax	(697)	(74,620)	(105,581)	(123,672)
Net income (loss)	$ 24,339	$ (65,837)	$ (83,646)	$ (169,763)
Net income (loss) per common share[(1)]:				
Basic net income (loss) per common share from continuing operations	$ 0.24	$ 0.08	$ 0.21	$ (0.44)
Basic net loss per common share from discontinued operations	(0.01)	(0.72)	(1.01)	(1.19)
Basic net income (loss) per common share	$ 0.23	$ (0.63)	$ (0.80)	$ (1.63)
Diluted net income (loss) per common share from continuing operations	$ 0.24	$ 0.08	$ 0.21	$ (0.44)
Diluted net loss per common share from discontinued operations	(0.01)	(0.72)	(1.01)	(1.19)
Diluted net income (loss) per common share	$ 0.23	$ (0.63)	$ (0.80)	$ (1.63)
Shares used in the calculation of net income (loss) per common share:				
Basic	104,032	104,117	104,192	104,045
Diluted	104,337	104,334	104,489	104,045

(1) Net income (loss) per common share may not add in certain periods due to rounding.

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020 AND 2019
(In thousands)

	Three Months Ended					
	March 31, 2020			March 31, 2019		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net income (loss)			$ 24,339			$ (65,837)
Other comprehensive (loss) income:						
Foreign currency translation adjustments before reclassifications	$ (52,315)	$ —	(52,315)	$ 20,934	$ —	20,934
Change in deferred gains (losses) on cash flow hedging instruments	134	(25)	109	(52)	10	(42)
Total other comprehensive (loss) income	$ (52,181)	$ (25)	$ (52,206)	$ 20,882	$ 10	$ 20,892
Total comprehensive loss			$ (27,867)			$ (44,945)

	Nine Months Ended					
	March 31, 2020			March 31, 2019		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net loss			$ (83,646)			$ (169,763)
Other comprehensive income (loss):						
Foreign currency translation adjustments before reclassifications	$ (42,602)	$ —	(42,602)	$ (20,533)	$ —	(20,533)
Reclassification of currency translation adjustment included in Net loss from discontinued operations, net of tax	95,120	—	95,120	—	—	—
Change in deferred gains (losses) on cash flow hedging instruments	108	(25)	83	(52)	10	(42)
Total other comprehensive income (loss)	$ 52,626	$ (25)	$ 52,601	$ (20,585)	$ 10	$ (20,575)
Total comprehensive loss			$ (31,045)			$ (190,338)

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2020
(In thousands, except par values)

	Common Stock		Additional		Treasury Stock		Accumulated Other	
	Shares	Amount at $.01	Paid-in Capital	Retained Earnings	Shares	Amount	Comprehensive (Loss) Income	Total
Balance at June 30, 2019	108,833	$ 1,088	$ 1,158,257	$ 695,017	4,614	$ (110,039)	$ (225,004)	$ 1,519,319
Net loss				(107,021)				(107,021)
Cumulative effect of adoption of ASU 2016-02				(439)				(439)
Other comprehensive income							56,110	56,110
Issuance of common stock pursuant to stock-based compensation plans	40	1	(1)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					17	(312)		(312)
Stock-based compensation expense			3,281					3,281
Balance at September 30, 2019	108,873	$ 1,089	$ 1,161,537	$ 587,557	4,631	$ (110,351)	$ (168,894)	$ 1,470,938
Net loss				(964)				(964)
Other comprehensive income							48,697	48,697
Issuance of common stock pursuant to stock-based compensation plans	146	2	(2)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					27	(671)		(671)
Stock-based compensation expense			3,083					3,083
Balance at December 31, 2019	109,019	$ 1,091	$ 1,164,618	$ 586,593	4,658	$ (111,022)	$ (120,197)	$ 1,521,083
Net income				24,339				24,339
Cumulative effect of adoption of ASU 2016-02				—				—
Other comprehensive loss							(52,206)	(52,206)
Issuance of common stock pursuant to stock-based compensation plans	70	1	(1)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					20	(523)		(523)
Repurchases of common stock					2,439	(57,406)		
Stock-based compensation expense			3,761					3,761
Balance at March 31, 2020	109,089	$ 1,092	$ 1,168,378	$ 610,932	7,117	$ (168,951)	$ (172,403)	$ 1,439,048

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2019
(In thousands, except par values)

	Common Stock		Additional		Treasury Stock		Accumulated Other	
	Shares	Amount at $.01	Paid-in Capital	Retained Earnings	Shares	Amount	Comprehensive (Loss) Income	Total
Balance at June 30, 2018	108,422	$ 1,084	$ 1,148,196	$ 878,516	4,470	$ (106,507)	$ (184,240)	$ 1,737,049
Net loss				(37,425)				(37,425)
Cumulative effect of adoption of ASU 2016-01				(348)			348	—
Cumulative effect of adoption of ASU 2014-09				163				163
Other comprehensive loss							(13,519)	(13,519)
Issuance of common stock pursuant to stock-based compensation plans	85	1	(1)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					35	(979)		(979)
Stock-based compensation expense			135					135
Balance at September 30, 2018	108,507	$ 1,085	$ 1,148,330	$ 840,906	4,505	$ (107,486)	$ (197,411)	$ 1,685,424
Net loss				(66,501)				(66,501)
Other comprehensive loss							(27,948)	(27,948)
Issuance of common stock pursuant to stock-based compensation plans	184	2	(2)					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					79	(1,943)		(1,943)
Stock-based compensation expense			1,911					1,911
Balance at December 31, 2018	108,691	$ 1,087	$ 1,150,239	$ 774,405	4,584	$ (109,429)	$ (225,359)	$ 1,590,943
Net loss				(65,837)				(65,837)
Other comprehensive income							20,892	20,892
Issuance of common stock pursuant to stock-based compensation plans	22	—	—					—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					8	(149)		(149)
Stock-based compensation expense			3,943					3,943
Balance at March 31, 2019	108,713	$ 1,087	$ 1,154,182	$ 708,568	4,592	$ (109,578)	$ (204,467)	$ 1,549,792

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020 AND 2019
(In thousands)

	Nine Months Ended March 31,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (83,646)	$ (169,763)
Net loss from discontinued operations	(105,581)	(123,672)
Net income (loss) from continuing operations	21,935	(46,091)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities from continuing operations:		
Depreciation and amortization	40,069	37,548
Deferred income taxes	(9,035)	(24,524)
Chief Executive Officer Succession Plan expense, net	—	29,727
Equity in net loss of equity-method investees	1,219	391
Stock-based compensation, net	9,581	5,918
Long-lived asset and intangibles impairment	15,414	23,709
Other non-cash items, net	2,335	3,697
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable	(30,870)	(4,466)
Inventories	47,280	11,630
Other current assets	10,302	(223)
Other assets and liabilities	(1,166)	5,206
Accounts payable and accrued expenses	(42,972)	(24,191)
Net cash provided by operating activities - continuing operations	64,092	18,331
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(46,961)	(55,073)
Proceeds from sale of businesses and other	14,428	3,863
Net cash used in investing activities - continuing operations	(32,533)	(51,210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under bank revolving credit facility	197,000	240,000
Repayments under bank revolving credit facility	(254,500)	(186,791)
Repayments under term loan	(206,250)	(11,250)
Proceeds from (funding of) discontinued operations entities	305,247	(33,815)
Repayments of other debt, net	(1,502)	(1,689)
Share repurchases	(57,406)	—
Shares withheld for payment of employee payroll taxes	(1,506)	(3,071)
Net cash (used in) provided by financing activities - continuing operations	(18,917)	3,384
Effect of exchange rate changes on cash - continuing operations	(2,110)	(774)
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Cash used in operating activities	(6,146)	(13,627)
Cash provided by (used in) investing activities	297,592	(33,561)
Cash (used in) provided by financing activities	(299,418)	30,582
Effect of exchange rate changes on cash - discontinued operations	(537)	(451)
Net cash flows used in discontinued operations	(8,509)	(17,057)
Net increase (decrease) in cash and cash equivalents and restricted cash	2,023	(47,326)
Cash and cash equivalents at beginning of period	39,526	113,018
Cash and cash equivalents and restricted cash at end of period	$ 41,549	$ 65,692
Less: cash and cash equivalents of discontinued operations	—	(11,263)
Cash and cash equivalents and restricted cash of continuing operations at end of period	$ 41,549	$ 54,429

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(Amounts in thousands, except par values and per share data)

1. BUSINESS

The Hain Celestial Group, Inc., a Delaware corporation (collectively, along with its subsidiaries, the “Company,” and herein referred to as “Hain Celestial,” “we,” “us” and “our”), was founded in 1993 and is headquartered in Lake Success, New York. The Company’s mission has continued to evolve since its founding, with health and wellness being the core tenet — To Create and Inspire A Healthier Way of Life™ and be the leading marketer, manufacturer and seller of organic and natural, “better-for-you” products by anticipating and exceeding consumer expectations in providing quality, innovation, value and convenience. The Company is committed to growing sustainably while continuing to implement environmentally sound business practices and manufacturing processes. Hain Celestial sells its products through specialty and natural food distributors, supermarkets, natural food stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 70 countries worldwide.

The Company manufactures, markets, distributes and sells organic and natural products under brand names that are sold as “better-for-you” products, providing consumers with the opportunity to lead A Healthier Way of Life™. Hain Celestial is a leader in many organic and natural products categories, with many recognized brands in the various market categories it serves, including Almond Dream®, Bearitos®, Better Bean®, BluePrint®, Celestial Seasonings®, Clarks™, Coconut Dream®, Cully & Sully®, Danival®, DeBoles®, Earth’s Best®, Ella’s Kitchen®, Farmhouse Fare™, Frank Cooper’s®, Gale’s®, Garden of Eatin’®, GG UniqueFiber®, Hain Pure Foods®, Hartley’s®, Health Valley®, Imagine®, Johnson’s Juice Co.™, Joya®, Lima®, Linda McCartney® (under license), MaraNatha®, Mary Berry (under license), Natumi®, New Covent Garden Soup Co.®, Orchard House®, Rice Dream®, Robertson’s®, Sensible Portions®, Spectrum® Organics, Soy Dream®, Sun-Pat®, Sunripe®, Terra®, The Greek Gods®, Walnut Acres®, Yorkshire Provender®, Yves Veggie Cuisine®and William’s™. The Company’s personal care products are marketed under the Alba Botanica®, Avalon Organics®, Earth’s Best®, JASON®, Live Clean® and Queen Helene® brands.

The Company’s strategy is to focus on simplifying the Company’s portfolio and reinvigorating profitable sales growth through discontinuing uneconomic investment, realigning resources to coincide with individual brand roles, reducing unproductive stock-keeping units (“SKUs”) and brands, and reassessing current pricing architecture. As part of this initiative, the Company reviewed its product portfolio within North America and divided it into “Get Bigger” and “Get Better” brand categories.

The Company’s “Get Bigger” brands represent its strongest brands with higher margins, which compete in categories with strong growth. In order to capitalize on the potential of these brands, the Company began reallocating resources to optimize assortment and increase share of distribution. In addition, the Company will increase its marketing and innovation investments.

The Company’s “Get Better” brands are the brands in which the Company is primarily focused on simplification and expansion of profit. Some of these are low margin, non-strategic brands that add complexity with minimal benefit to the Company’s operations. Accordingly, in fiscal 2019, the Company initiated a SKU rationalization, which included the elimination of approximately 350 low velocity SKUs. The elimination of these SKUs is expected to impact sales growth in the current fiscal year, but is expected to result in expanded profits and a remaining set of core SKUs that will maintain their shelf space in the store.

As part of the Company’s overall strategy, the Company may seek to dispose of businesses and brands that are less profitable or are otherwise less of a strategic fit within our core portfolio. Accordingly, the Company divested of all of its operations of the Hain Pure Protein reportable segment and WestSoy® tofu, seitan and tempeh businesses in the United States in fiscal 2019, the entities comprising its Tilda operating segment and certain other assets of the Tilda business in August 2019, its Arrowhead Mills® and SunSpire® brands in October 2019, and its Europe's Best® and Casbah® brands in March 2020.

Productivity and Transformation Costs

As part of the Company’s historical strategic review, it focused on a productivity initiative, which it called “Project Terra.” A key component of this project was the identification of global cost savings and the removal of complexity from the business. In fiscal 2019, the Company announced a new transformation initiative, of which one aspect is to identify additional areas of productivity savings to support sustainable profitable performance.

Productivity and transformation costs include costs, such as consulting and severance costs, relating to streamlining the Company’s manufacturing plants, co-packers and supply chain, eliminating served categories or brands within those categories, and product rationalization initiatives which are aimed at eliminating slow moving SKUs.

Discontinued Operations

On August 27, 2019, the Company and Ebro Foods S.A. (the “Purchaser”) entered into, and consummated the transactions contemplated by, an agreement titled, "Agreement relating to the sale and purchase of the Tilda Group Entities and certain other assets" (the “Sale and Purchase Agreement”).

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business, a component of the Company’s Hain Pure Protein Corporation (“HPPC”) operating segment. On June 28, 2019, the Company completed the sale of the remainder of HPPC and Empire Kosher which included the FreeBird and Empire Kosher businesses. These dispositions were undertaken to reduce complexity in the Company’s operations and simplify the Company’s brand portfolio, in addition to allowing additional flexibility to focus on opportunities for growth and innovation in the Company’s more profitable and faster growing core businesses. Collectively, these dispositions were reported in the aggregate as the Hain Pure Protein reportable segment.

These dispositions represented strategic shifts that had a major impact on the Company’s operations and financial results and therefore, the Company is presenting the operating results and cash flows of the Tilda operating segment and the Hain Pure Protein reportable segment within discontinued operations in the current and prior periods. The assets and liabilities of the Tilda operating segment are presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheet as of June 30, 2019. See Note 5, *Discontinued Operations*, for additional information.

Change in Reportable Segments

Historically, the Company had three reportable segments: United States, United Kingdom and Rest of World. Effective July 1, 2019, the Company reassessed its segment reporting structure and as a result, the Canada and Hain Ventures operating segments, which were included within the Rest of World reportable segment, were moved to the United States reportable segment and renamed the North America reportable segment. Additionally, the Europe operating segment, which was included in the Rest of World reportable segment, was combined with the United Kingdom reportable segment and renamed the International reportable segment. Accordingly, the Company now operates under two reportable segments: North America and International. Prior period segment information contained herein has been adjusted to reflect the Company’s new operating and reporting structure. See Note 17, *Segment Information*, for additional information.

2. BASIS OF PRESENTATION

The Company’s unaudited consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. Investments in affiliated companies in which the Company exerts significant influence, but which it does not control, are accounted for under the equity method of accounting. As such, consolidated net loss includes the Company's equity in the current earnings or losses of such companies.

The Company's unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP and should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2019 (the “Form 10-K”). The amounts as of and for the periods ended June 30, 2019 are derived from the Company’s audited annual financial statements. The unaudited consolidated financial statements reflect all normal recurring adjustments which, in management’s opinion, are necessary for a fair presentation for interim periods. Operating results for the three and nine months ended March 31, 2020 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2020. Please refer to the Notes to the Consolidated Financial Statements as of June 30, 2019 and for the fiscal year then ended included in the Form 10-K for information not included in these condensed notes.

All amounts in the unaudited consolidated financial statements, notes and tables have been rounded to the nearest thousand, except par values and per share amounts, unless otherwise indicated.

Significant Accounting Policies

The Company's significant accounting policies are described in Note 2, *Summary of Significant Accounting Policies and Practices*, in the Notes to the Consolidated Financial Statements in the Form 10-K. Included herein are certain updates to those policies.

Leases

Effective July 1, 2019, arrangements containing leases are evaluated as an operating or finance lease at lease inception. For operating leases, the Company recognizes an operating right-of-use ("ROU") asset and operating lease liability at lease commencement based on the present value of lease payments over the lease term.

With the exception of certain finance leases, an implicit rate of return is not readily determinable for the Company's leases. For these leases, an incremental borrowing rate is used in determining the present value of lease payments, and is calculated based on information available at the lease commencement date. The incremental borrowing rate is determined using a portfolio approach based on the rate of interest the Company would have to pay to borrow funds on a collateralized basis over a similar term. The Company references market yield curves which are risk-adjusted to approximate a collateralized rate in the currency of the lease. These rates are updated on a quarterly basis for measurement of new lease obligations.

Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Leases with an initial term of 12 months or less are not recognized on the Company's Consolidated Balance Sheets. The Company has elected to separate lease and non-lease components.

Recently Adopted Accounting Pronouncements

The Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, effective July 1, 2019, using a modified retrospective approach. As permitted by the new guidance, the Company elected the package of practical expedients, which among other things, allowed historical lease classification to be carried forward.

Excluding Tilda, adoption of the new standard resulted in the recording of operating lease ROU assets and lease liabilities as of July 1, 2019 of $87,414 and $92,982, respectively, with the difference largely due to prepaid and deferred rent that were reclassified to the ROU asset value. In addition, the Company recorded a cumulative-effect adjustment to opening retained earnings of $439 at adoption for the impairment of an abandoned ROU asset for a manufacturing facility in the United Kingdom that was previously impaired and the remaining lease payments were accounted for under ASC Topic 420, *Exit or Disposal Obligations*. The standard did not materially affect the Company’s consolidated net income (loss) or cash flows. See Note 8, *Leases*, for further details.

Recently Issued Accounting Pronouncements Not Yet Effective

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments,* which requires measurement and recognition of expected versus incurred credit losses for most financial assets. The new guidance is effective for annual periods beginning after December 15, 2019, and for interim periods within those fiscal years. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurement by removing, modifying or adding certain disclosures. The new guidance is effective for annual periods beginning after December 15, 2019, and for interim periods within those fiscal years. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The amended guidance is effective for annual periods beginning after December 15, 2019, and for interim periods within those fiscal years. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* which simplifies various aspects related to accounting for income taxes and eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating taxes during the quarters and the recognition of deferred tax liabilities for outside basis differences. The new guidance is effective for annual periods beginning after December 15, 2021, and for interim periods within those fiscal years. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

3. FORMER CHIEF EXECUTIVE OFFICER SUCCESSION PLAN

On June 24, 2018, the Company entered into a CEO succession plan, whereby the Company's former CEO, Irwin D. Simon, agreed to terminate his employment with the Company upon the hiring of a new CEO (the "Succession Agreement"). The Succession Agreement provided Mr. Simon with a cash separation payment of $34,295 payable in a single lump sum and cash benefits continuation costs of $208. These costs were recognized from June 24, 2018 through November 4, 2018, at which time the Company's new CEO, Mark L. Schiller, commenced his employment. Expense recognized in connection with these payments was $33,051 during the nine months ended March 31, 2019. The cash separation payment was paid on May 6, 2019. Additionally, the Succession Agreement allowed for acceleration of vesting of all service-based awards outstanding at the termination of Mr. Simon's employment. In connection with these accelerations, the Company recognized additional stock-based compensation expense of $429 ratably through November 4, 2018. The aforementioned impacts were recorded in Chief Executive Officer Succession Plan expense, net in the Consolidated Statements of Operations. There were no charges recognized during the three months ended March 31, 2019 related to the cash separation payment or cash benefits continuation costs.

As further discussed in Note 13, *Stock-based Compensation and Incentive Performance Plans*, in the three months ended September 30, 2018, the Company's Compensation Committee determined that no awards would be paid or vested pursuant to the 2016-2018 LTIP. Accordingly, the Company recorded a benefit of $5,065 associated with the reversal of previously accrued amounts under the net sales portion of the 2016-2018 LTIP associated with Mr. Simon during the nine months ended March 31, 2019. The recognition of this benefit did not impact the three months ended March 31, 2019.

On October 26, 2018, the Company and Mr. Simon entered into a consulting agreement (the "Consulting Agreement") in order to, among other things, assist Mr. Schiller with his transition as the Company's incoming CEO. The term of the Consulting Agreement commenced on November 5, 2018 and continued until February 5, 2019. Mr. Simon received an aggregate consulting fee of $975 as compensation for his services during the consulting term, of which $325 and $975 was recognized in the Consolidated Statements of Operations as a component of "Chief Executive Officer Succession Plan expense, net" in the three and nine months ended March 31, 2019, respectively.

4. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted net income (loss) per share:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Numerator:				
Net income (loss) from continuing operations	$ 25,036	$ 8,783	$ 21,935	$ (46,091)
Net loss from discontinued operations, net of tax	(697)	(74,620)	(105,581)	(123,672)
Net income (loss)	$ 24,339	$ (65,837)	$ (83,646)	$ (169,763)
Denominator:				
Basic weighted average shares outstanding	104,032	104,117	104,192	104,045
Effect of dilutive stock options, unvested restricted stock and unvested restricted share units	305	217	297	—
Diluted weighted average shares outstanding	104,337	104,334	104,489	104,045
Basic net income (loss) per common share[(1)]:				
Continuing operations	$ 0.24	$ 0.08	$ 0.21	$ (0.44)
Discontinued operations	(0.01)	(0.72)	(1.01)	(1.19)
Basic net income (loss) per common share	$ 0.23	$ (0.63)	$ (0.80)	$ (1.63)
Diluted net income (loss) per common share[(1)]:				
Continuing operations	$ 0.24	$ 0.08	$ 0.21	$ (0.44)
Discontinued operations	(0.01)	(0.72)	(1.01)	(1.19)
Diluted net income (loss) per common share	$ 0.23	$ (0.63)	$ (0.80)	$ (1.63)

(1) Net income (loss) per common share may not add in certain periods due to rounding.

Basic net income (loss) per share excludes the dilutive effects of stock options, unvested restricted stock and unvested restricted share units.

Due to our net loss in the nine months ended March 31, 2019, all common stock equivalents such as stock options and unvested restricted stock awards have been excluded from the computation of diluted net loss per common share because the effect would have been anti-dilutive to the computations in the period. Diluted earnings per share for the three and nine months ended March 31, 2020 and the three months ended March 31, 2019 includes the dilutive effects of common stock equivalents such as stock options and unvested restricted stock awards.

There were 512 and 273 restricted stock awards and stock options excluded from our calculation of diluted net income (loss) per share for the three months ended March 31, 2020 and 2019, respectively, as such awards were anti-dilutive. Additionally, there were 2,616 and 3,071 stock-based awards excluded for the three months ended March 31, 2020 and 2019, respectively, as such awards were contingently issuable based on market or performance conditions, and such conditions had not been achieved during the respective periods.

There were 450 and 731 restricted stock awards and stock options excluded from our calculation of diluted net income (loss) per share for the nine months ended March 31, 2020 and 2019, respectively, as such awards were anti-dilutive. Additionally, there were 2,685 and 3,117 stock-based awards excluded for the nine months ended March 31, 2020 and 2019, respectively, as such awards were contingently issuable based on market or performance conditions, and such conditions had not been achieved during the respective periods.

Share Repurchase Program

On June 21, 2017, the Company's Board of Directors authorized the repurchase of up to $250,000 of the Company’s issued and outstanding common stock. Repurchases may be made from time to time in the open market, pursuant to pre-set trading plans, in private transactions or otherwise. The authorization does not have a stated expiration date. The extent to which the Company repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations, including the Company’s historical strategy of pursuing accretive acquisitions. During the three and nine months ended March 31, 2020, the Company repurchased 2,439 shares under the repurchase program for a total of $57,357, excluding commissions, at an average price of $23.52 per share. As of March 31, 2020, the Company had $192,643 of remaining authorization under the share repurchase program.

5. DISCONTINUED OPERATIONS

Sale of Tilda Business

On August 27, 2019, the Company and the Purchaser entered into and consummated the transactions contemplated by the Sale and Purchase Agreement. Under the Sale and Purchase Agreement, the Company sold the entities comprising its Tilda operating segment (the “Tilda Group Entities”) and certain other assets of the Tilda business to the Purchaser for an aggregate price of $342,000 in cash, subject to customary post-closing adjustments based on the balance sheets of the Tilda business. The other assets sold in the transaction consisted of raw materials, consumables, packaging, and finished and unfinished goods related to the Tilda business held by other Company entities that are not Tilda Group Entities. In January 2020, the Company and the Purchaser agreed to fully resolve all matters relating to post-closing adjustments to the sale price, resulting in a final aggregate sale price of $341,800. The Company used the proceeds from the sale to pay down the remaining outstanding borrowings under its term loan and a portion of its revolving credit facility.

The Sale and Purchase Agreement contains representations, warranties and covenants that are customary for a transaction of this nature. The Company also entered into certain ancillary agreements with the Purchaser and certain of the Tilda Group Entities in connection with the Sale and Purchase Agreement, including a transitional services agreement (the "TSA") pursuant to which the Company and the Purchaser provide transitional services to one another, and business transfer agreements pursuant to which the applicable Tilda Group Entities will transfer certain non-Tilda assets and liabilities in India and the United Arab Emirates to subsidiaries of the Company to be formed in those countries. Additionally, the Company will distribute certain Tilda products in the United States, Canada and Europe through the expiration of the TSA.

The disposition of the Tilda operating segment represented a strategic shift that had a major impact on the Company’s operations and financial results and has been accounted for as discontinued operations.

The following table presents the major classes of Tilda's results within "Net income (loss) from discontinued operations, net of tax" in our Consolidated Statements of Operations:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Net sales	$ —	$ 52,540	$ 30,399	$ 145,485
Cost of sales	—	40,479	26,648	109,816
Gross profit	—	12,061	3,751	35,669
Selling, general and administrative expense	—	6,651	5,185	19,823
Other expense	—	539	1,172	1,622
Interest expense(1)	—	3,395	2,432	10,177
Translation loss(2)	—	—	95,120	—
Loss (gain) on sale of discontinued operations	540	—	(9,630)	—
Net (loss) income from discontinued operations before income taxes	(540)	1,476	(90,528)	4,047
(Benefit) provision for income taxes(3)	(965)	171	12,900	247
Net income (loss) from discontinued operations, net of tax	$ 425	$ 1,305	$ (103,428)	$ 3,800

(1) Interest expense was allocated to discontinued operations based on borrowings repaid with proceeds from the sale of Tilda.
(2) At the completion of the sale of Tilda, the Company reclassified $95,120 of related cumulative translation losses from Accumulated other comprehensive loss to discontinued operations, net of tax.
(3) Includes a tax (benefit) provision related to the tax gain on the sale of Tilda of $(750) and $14,500 for the three and nine months ended March 31, 2020, respectively.

Assets and liabilities of discontinued operations associated with Tilda presented in the Consolidated Balance Sheets as of June 30, 2019 are included in the following table:

ASSETS	June 30, 2019
Cash and cash equivalents	$ 8,509
Accounts receivable, less allowance for doubtful accounts	26,955
Inventories	65,546
Prepaid expenses and other current assets	9,038
Total current assets of discontinued operations(1)	110,048
Property, plant and equipment, net	40,516
Goodwill	133,098
Trademarks and other intangible assets, net	84,925
Other assets	628
Total noncurrent assets of discontinued operations(1)	259,167
Total assets of discontinued operations	$ 369,215
LIABILITIES	
Accounts payable	$ 18,341
Accrued expenses and other current liabilities	4,675
Current portion of long-term debt	8,687
Total current liabilities of discontinued operations(1)	31,703
Deferred tax liabilities	17,153
Other noncurrent liabilities	208
Total noncurrent liabilities of discontinued operations(1)	17,361
Total liabilities of discontinued operations(1)	$ 49,064

(1) Assets and liabilities from discontinued operations were classified as current and noncurrent at June 30, 2019 as they did not meet the held-for-sale criteria.

Sale of Hain Pure Protein Reportable Segment

In March 2018, the Company's Board of Directors approved a plan to sell all of the operations of the HPPC operating segment, which included the Plainville Farms and FreeBird businesses, and the EK Holdings, Inc. ("Empire Kosher" or "Empire") operating segment, which were reported in the aggregate as the Hain Pure Protein reportable segment. Collectively, these dispositions represented a strategic shift that had a major impact on the Company's operations and financial results and have been accounted for as discontinued operations.

The Company is presenting the operating results and cash flows of Hain Pure Protein within discontinued operations in the current and prior periods.

Sale of Plainville Farms Business

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business (a component of HPPC), which included $25,000 in cash to the purchaser, for a nominal purchase price. In addition, the purchaser assumed the current liabilities of the Plainville Farms business as of the closing date. As a condition to consummating the sale, the Company entered into a Contingent Funding and Earnout Agreement, which provided for the issuance by the Company of an irrevocable stand-by letter of credit (the "Letter of Credit") of $10,000 which expires nineteen months after issuance. As of June 30, 2019, the purchaser has fully drawn against the Letter of Credit. The Company is entitled to receive an earnout not to exceed, in the aggregate, 120% of the maximum amount that the purchaser draws on the Letter of Credit at any point from the date of issuance through the expiration of the Letter of Credit. Earnout payments are based on a specified percentage of annual free cash flow achieved for all fiscal years ending on or prior to June 30, 2026. If a subsequent change in control of the Plainville Farms business occurs prior to June 30, 2026, the purchaser will pay the Company 120% of the difference between the amount drawn on the Letter of Credit less the sum of all earnout payments made prior to such time up to the net proceeds received by the purchaser. At March 31, 2020, the Company had not recorded an asset associated with the earnout.

Sale of HPPC and Empire Kosher

On June 28, 2019, the Company completed the sale of the remainder of HPPC and EK Holdings, which included the FreeBird and Empire Kosher businesses. The purchase price, net of estimated customary adjustments based on the closing balance sheet of HPPC, was $77,714. The Company is in the process of finalizing the closing adjustments. The Company used the proceeds from the sale to pay down a portion of its outstanding borrowings under its term loan.

The following table presents the major classes of Hain Pure Protein's results within "Net loss from discontinued operations, net of tax" in our Consolidated Statements of Operations:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Net sales	$ —	$ 88,729	$ —	$ 349,449
Cost of sales	—	88,277	—	356,073
Gross profit (loss)	—	452	—	(6,624)
Selling, general and administrative expense	—	4,039	—	13,031
Asset impairments	—	51,348	—	109,252
Other expense	—	2,182	—	7,377
Loss on sale of discontinued operations[(1)]	1,781	40,223	3,205	40,223
Net loss from discontinued operations before income taxes	(1,781)	(97,340)	(3,205)	(176,507)
Benefit for income taxes	(659)	(21,415)	(1,052)	(49,035)
Net loss from discontinued operations, net of tax	$ (1,122)	$ (75,925)	$ (2,153)	$ (127,472)

(1) Primarily relates to preliminary closing balance sheet adjustments.

There were no assets or liabilities from discontinued operations associated with Hain Pure Protein at March 31, 2020 or June 30, 2019.

6. INVENTORIES

Inventories consisted of the following:

	March 31, 2020	June 30, 2019
Finished goods	$ 154,451	$ 199,754
Raw materials, work-in-progress and packaging	83,682	99,587
	$ 238,133	$ 299,341

At each period end, inventory is reviewed to ensure that it is recorded at the lower of cost or net realizable value. During the nine months ended March 31, 2020 and the fiscal year ended June 30, 2019, the Company recorded inventory write-downs of $5,278 and $12,381, respectively, primarily related to the discontinuance of slow moving SKUs as part of a product rationalization initiative.

7. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consisted of the following:

	March 31, 2020	June 30, 2019
Land	$ 13,920	$ 14,240
Buildings and improvements	81,645	83,151
Machinery and equipment	276,569	274,554
Computer hardware and software	59,220	48,984
Furniture and fixtures	19,417	17,325
Leasehold improvements	39,478	32,264
Construction in progress	16,192	35,786
	506,441	506,304
Less: accumulated depreciation and amortization	218,812	218,459
	$ 287,629	$ 287,845

Depreciation and amortization expense for the three months ended March 31, 2020 and 2019 was $7,789 and $7,105, respectively. Such expense for the nine months ended March 31, 2020 and 2019 was $23,518 and $21,335, respectively.

In each of the three and nine months ended March 31, 2020, the Company recorded $5,875 of non-cash impairment charges primarily related to a write-down of certain machinery and equipment in the United States and Europe used to manufacture certain slow moving or low margin SKUs.

In the nine months ended March 31, 2019, the Company recorded $5,275 of non-cash impairment charges primarily related to the Company's decision to consolidate manufacturing of certain fruit-based products in the United Kingdom. Additionally, the Company recorded a $534 non-cash impairment charge to write-down the value of certain machinery and equipment used to manufacture certain slow moving SKUs in the United States that were discontinued.

8. LEASES

The Company leases office space, warehouse and distribution facilities, manufacturing equipment and vehicles primarily in North America and Europe. The Company determines if an arrangement is or contains a lease at inception. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company's lease agreements generally do not contain residual value guarantees or material restrictive covenants. A limited number of lease agreements include rental payments adjusted periodically for inflation.

Some of the Company's leases contain variable lease payments, which are expensed as incurred unless those payments are based on an index or rate. Variable lease payments based on an index or rate are initially measured using the index or rate in effect at lease commencement and included in the measurement of the lease liability; thereafter, changes to lease payments due to rate or index changes are recorded as variable lease expense in the period incurred. The Company does not have any related party leases, and sublease transactions are de minimis.

The components of lease expenses for the three and nine months ended March 31, 2020 were as follows:

	Three Months Ended March 31, 2020	Nine Months Ended March 31, 2020
Operating lease expenses	$ 4,545	$ 14,034
Finance lease expenses	272	761
Variable lease expenses	633	1,873
Short-term lease expenses	490	1,349
Total lease expenses	$ 5,940	$ 18,017

Supplemental balance sheet information related to leases was as follows:

Leases	Classification	March 31, 2020
Assets		
Operating lease ROU assets	Operating lease right-of-use assets	$ 81,959
Finance lease ROU assets, net	Property, plant and equipment, net	1,091
Total leased assets		$ 83,050
Liabilities		
Current		
Operating	Accrued expenses and other current liabilities	$ 13,402
Finance	Current portion of long-term debt	357
Non-current		
Operating	Operating lease liabilities, noncurrent portion	74,937
Finance	Long-term debt, less current portion	333
Total lease liabilities		$ 89,029

Additional information related to leases is as follows:

	Nine Months Ended March 31, 2020
Supplemental cash flow information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 12,856
Operating cash flows from finance leases	$ 18
Financing cash flows from finance leases	$ 372
ROU assets obtained in exchange for lease obligations [(a)]:	
Operating leases	$ 94,389
Finance leases	$ 1,092
Weighted average remaining lease term:	
Operating leases	8.4 years
Finance leases	2.3 years
Weighted average discount rate:	
Operating leases	2.7 %
Finance leases	2.9 %

[(a)] *ROU assets obtained in exchange for lease obligations includes the impact of the adoption of ASU 2016-02 effective July 1, 2019 (see Note 2) and leases which commenced, were modified or terminated during the nine months ended March 31, 2020.*

Maturities of lease liabilities as of March 31, 2020 were as follows:

Fiscal Year	Operating leases	Finance leases	Total
2020 (remainder of year)	$ 3,224	$ 85	$ 3,309
2021	15,642	356	15,998
2022	13,472	180	13,652
2023	12,514	54	12,568
2024	10,543	26	10,569
Thereafter	44,177	6	44,183
Total lease payments	99,572	707	100,279
Less: Imputed interest	11,233	17	11,250
Total lease liabilities	$ 88,339	$ 690	$ 89,029

The aggregate minimum future lease payments for operating leases at June 30, 2019 were as follows:

Fiscal Year	
2020	$ 19,426
2021	16,584
2022	14,218
2023	13,221
2024	11,041
Thereafter	44,452
	$ 118,942

At March 31, 2020, the Company had additional leases that had not yet commenced. Obligations under these leases are not material.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The following table provides the changes in the carrying value of goodwill by reportable segment:

	North America	International	Total
Balance as of June 30, 2019 [(a)]	$ 612,590	$ 263,291	$ 875,881
Divestiture	(4,797)	—	(4,797)
Translation and other adjustments, net	(3,192)	(6,825)	(10,017)
Balance as of March 31, 2020 [(a)]	$ 604,601	$ 256,466	$ 861,067

(a) The total carrying value of goodwill is reflected net of $134,277 of accumulated impairment charges, of which $97,358 related to the Company's United Kingdom operating segment, $29,219 related to the Company's Europe operating segment and $7,700 related to the Company's former Hain Ventures operating segment, whose goodwill and accumulated impairment charges were reallocated within the North America reportable segment to the United States and Canada operating segments on a relative fair value basis.

During fiscal 2019, the Company's reporting units were Hain Pure Personal Care, Grocery and Snacks and Celestial Tea in the United States reportable segment, Hain Daniels, Ella's Kitchen and Tilda in the United Kingdom reportable segment and Hain Canada, Hain Europe and Hain Ventures within the Rest of World reportable segment. As discussed in Note 17, *Segment Information*, effective July 1, 2019, the Company changed its segment reporting structure due to changes in how the Company's Chief Operating Decision Maker ("CODM") assesses the Company's performance and allocates resources as a result of a change in the Company's strategy. In connection with these changes, the Company's reporting units now consist of the United States (as a single reporting unit) and Hain Canada within the North America reportable segment and Hain Daniels, Ella's Kitchen, Tilda (prior to its sale on August 27, 2019) and Hain Europe within the International reportable segment. The brands constituting the Hain Ventures reporting unit were combined within the United States and Hain Canada reporting units, and its goodwill was reallocated to the United States and Canada operating segments on a relative fair value basis. The Company completed an assessment for potential impairment of the goodwill both prior and subsequent to the aforementioned changes and determined that no impairment indicators were present.

On October 7, 2019, the Company completed the divestiture of its Arrowhead and SunSpire businesses, components of the United States reporting unit, for a purchase price of $13,347 following post-closing adjustments, recognizing a loss on sale of $2,037 during the nine months ended March 31, 2020, $254 of which was recognized during the third quarter. Goodwill of $4,357 was assigned to the divested businesses on a relative fair value basis. An interim impairment analysis was performed for the United States reporting unit both before and after the sale, noting no impairment indicators were present.

During March 2020, the Company completed the divestiture of its Europe's Best and Casbah businesses, components of the Canada reporting unit, in two separate transactions for a combined purchase price of $1,759. Goodwill of $440 was assigned to the divested businesses on a relative fair value basis. An interim impairment analysis was performed for the Canada reporting unit both before and after the sale, noting no impairment indicators were present. The gain/loss on sale recognized during the three months ended March 31, 2020 as a result of the transactions was insignificant.

Beginning in the three months ended September 30, 2019, operations of Tilda have been classified as discontinued operations as discussed in Note 5, *Discontinued Operations*. Therefore, goodwill associated with Tilda is presented as Assets of discontinued operations in the consolidated financial statements.

Other Intangible Assets

The following table includes the gross carrying amount and accumulated amortization, where applicable, for intangible assets, excluding goodwill:

	March 31, 2020	June 30, 2019
Non-amortized intangible assets:		
Trademarks and tradenames [(a)]	$ 278,057	$ 291,199
Amortized intangible assets:		
Other intangibles	200,425	204,630
Less: accumulated amortization	(122,768)	(115,543)
Net carrying amount	$ 355,714	$ 380,286

(a) The gross carrying value of trademarks and tradenames is reflected net of $93,273 and $83,734 of accumulated impairment charges as of March 31, 2020 and June 30, 2019, respectively.

During the nine months ended March 31, 2020 and 2019, the Company determined that indicators of impairment existed in certain of the Company's indefinite-lived tradenames. The Company performed interim impairment analyses during the respective periods, and determined that the fair value of certain of the Company's tradenames was below their carrying value. During the three and nine months ended March 31, 2020, the Company recognized impairment charges of $7,650 ($2,118 in the North America segment and $5,532 in the International segment) and $9,539 ($4,007 in the North America segment and $5,532 in the International segment), respectively. During the nine months ended March 31, 2019, the Company recognized an impairment charge of $17,900 ($15,113 in the North America segment and $2,787 in the International segment). There were no such impairment charges recognized during the three months ended March 31, 2019.

Amortized intangible assets, which are deemed to have a finite life, primarily consist of customer relationships and are amortized over their estimated useful lives of 3 to 25 years. Amortization expense included in continuing operations was as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Amortization of acquired intangibles	$ 3,174	$ 3,265	$ 9,446	$ 9,946

10. DEBT AND BORROWINGS

Debt and borrowings consisted of the following:

	March 31, 2020	June 30, 2019
Revolving credit facility	$ 362,169	$ 420,575
Term loan	—	206,250
Less: Unamortized issuance costs	—	(1,022)
Other borrowings	3,398	4,966
	365,567	630,769
Short-term borrowings and current portion of long-term debt	2,041	17,232
Long-term debt, less current portion	$ 363,526	$ 613,537

Credit Agreement

On February 6, 2018, the Company entered into the Third Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement provides for a $1,000,000 revolving credit facility through February 6, 2023 and provides for a $300,000 term loan. Under the Credit Agreement, the revolving credit facility may be increased by an additional uncommitted $400,000, provided certain conditions are met.

Borrowings under the Credit Agreement may be used to provide working capital, finance capital expenditures and permitted acquisitions, refinance certain existing indebtedness and for other lawful corporate purposes. The Credit Agreement provides for multicurrency borrowings in euros, pounds sterling and Canadian dollars as well as other currencies which may be designated. In addition, certain wholly-owned foreign subsidiaries of the Company may be designated as co-borrowers. The Credit Agreement contains restrictive covenants, which are usual and customary for facilities of its type, and include, with specified exceptions, limitations on the Company's ability to engage in certain business activities, incur debt, have liens, make capital expenditures, pay dividends or make other distributions, enter into affiliate transactions, consolidate, merge or acquire or dispose of assets, and make certain investments, acquisitions and loans. The Credit Agreement also requires the Company to satisfy certain financial covenants. Obligations under the Credit Agreement are guaranteed by certain existing and future domestic subsidiaries of the Company. As of March 31, 2020, there were $362,169 of borrowings outstanding under the revolving credit facility and $9,698 letters of credit outstanding under the Credit Agreement. In the nine months ended March 31, 2020, the Company used the proceeds from the sale of Tilda, net of transaction costs, to prepay the entire principal amount of term loan outstanding under its credit facility and to partially pay down its revolving credit facility. In connection with the prepayment, the Company wrote off unamortized deferred debt issuance costs of $973, recorded in Interest and other financing expense, net in the Consolidated Statements of Operations.

On May 8, 2019, the Company entered into the Third Amendment to the Third Amended and Restated Credit Agreement (the "Amended Credit Agreement"), whereby, among other things, its allowable consolidated leverage ratio (as defined in the Credit Agreement) and interest coverage ratio (as defined in the Credit Agreement) were adjusted. The Company's allowable consolidated leverage ratio is no more than 4.75 to 1.0 from March 31, 2019 to December 31, 2019, no more than 4.50 to 1.0 at March 31, 2020, no more than 4.0 to 1.0 at June 30, 2020 and no more than 3.75 to 1.0 on September 30, 2020 and thereafter. Additionally, the Company's required consolidated interest coverage ratio is no less than 3.0 to 1 through March 31, 2020, no less than 3.75 to 1 through March 31, 2021 and no less than 4.0 to 1 thereafter.

The Amended Credit Agreement also required that the Company and the subsidiary guarantors enter into a Security and Pledge Agreement pursuant to which all of the obligations under the Amended Credit Agreement are secured by liens on assets of the Company and its material domestic subsidiaries, including stock of each of their direct subsidiaries and intellectual property, subject to agreed upon exceptions.

As of March 31, 2020, $628,133 was available under the Amended Credit Agreement, and the Company was in compliance with all associated covenants, as amended by the Amended Credit Agreement.

The Amended Credit Agreement provides that loans will bear interest at rates based on (a) the Eurocurrency Rate, as defined in the Credit Agreement, plus a rate ranging from 0.875% to 2.50% per annum; or (b) the Base Rate, as defined in the Credit Agreement, plus a rate ranging from 0.00% to 1.50% per annum, the relevant rate being the Applicable Rate. The Applicable Rate will be determined in accordance with a leverage-based pricing grid, as set forth in the Amended Credit Agreement. Swing Line loans and Global Swing Line loans denominated in U.S. dollars will bear interest at the Base Rate plus the Applicable Rate, and Global Swing Line loans denominated in foreign currencies shall bear interest based on the overnight Eurocurrency Rate for loans denominated in such currency plus the Applicable Rate. The weighted average interest rate on outstanding borrowings under the Amended Credit Agreement at March 31, 2020 was 2.51%. Additionally, the Amended Credit Agreement contains a Commitment Fee, as defined in the Amended Credit Agreement, on the amount unused under the Amended Credit Agreement ranging from 0.20% to 0.45% per annum, and such Commitment Fee is determined in accordance with a leverage-based pricing grid.

11. INCOME TAXES

In general, the Company uses an estimated annual effective tax rate, which is based on expected annual income and statutory tax rates in the various jurisdictions in which the Company operates, to determine its quarterly provision for income taxes. The Company calculated its tax rate on a discrete basis for the nine months ended March 31, 2019 due to significant variations in the relationship between tax expense and projected pre-tax income. Certain significant or unusual items are separately recognized in the quarter in which they occur and can be a source of variability on the effective tax rates from quarter to quarter. The Company’s effective tax rate may change from period-to-period based on recurring and non-recurring factors including the geographical mix of earnings, enacted tax legislation, state and local income taxes and tax audit settlements.

On March 27, 2020, H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed into legislation which includes tax provisions relevant to businesses that will impact taxes related to 2018, 2019, and 2020. Some of the significant tax law changes are to increase the limitation on deductible business interest expense for 2019 and 2020, allow for the five year carryback of net operating losses for 2018-2020, suspend the 80% limitation of taxable income for net operating loss carryforwards for 2018-2020, provide for the acceleration of depreciation expense from 2018 and forward on qualified improvement property, and accelerate the ability to claim refunds of Alternative Minimum Tax ("AMT") credit carryforwards. The Company is required to recognize the effect on the consolidated financial statements in the period the law was enacted, which is March 31, 2020. The Company is carrying back net operating losses generated in the June 30, 2019 tax year for five years, resulting in an estimated income statement benefit of $12,538, excluding the indirect tax benefit of $2,800 related to discontinued operations, and a tax refund receivable of $48,415 which is included as a component of Prepaid expenses and other current assets on the Consolidated Balance Sheets. The Company continues to assess the impact of the CARES Act and additional guidance that is released related to COVID-19.

The effective income tax rate from continuing operations was a benefit of 66.7% and expense of 24.7% for the three months ended March 31, 2020 and 2019, respectively. The effective income tax rate from continuing operations was a benefit of 72.8% and a benefit of 4.0% for the nine months ended March 31, 2020 and 2019, respectively. The effective income tax rate from continuing operations for the period ended March 31, 2020 was impacted by provisions of the CARES Act. The Company recorded an income statement benefit of $12,538 related to the net operating loss carryback provision of the CARES Act, net of a reserve under ASC 740-10, but excluding the indirect tax benefit of $2,800 related to discontinued operations. This benefit is primarily due to the Company's ability to realize net operating losses at 35% (previous Federal income tax rate), while the deferred tax asset was established at 21% (current Federal income tax rate). The effective income tax rates from continuing operations for all periods were impacted by provisions in the Tax Cuts and Jobs Act (the "Tax Act"), primarily related to Global Intangible Low Taxed Income and limitations on the deductibility of executive compensation. The effective income tax rates in each period were also impacted by the geographical mix of earnings.

The income tax from discontinued operations was a benefit of $1,624 and expense of $11,848 for the three and nine months ended March 31, 2020, respectively, while the income tax benefit from discontinued operations was $21,244 and $48,788 for the three and nine months ended March 31, 2019, respectively. The expense for income taxes for the nine months ended March 31, 2020 was impacted by $14,500 of tax related to the tax gain on the sale of the Tilda Group Entities. The benefit from income taxes for the three and nine months ended March 31, 2019 includes the reversal of the $12,250 deferred tax liability previously recorded related to Hain Pure Protein being classified as held-for-sale. Additionally, the three and nine month tax benefit is impacted by the tax effect of current period book losses as well as deferred tax benefit arising from asset impairment charges.

12. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The following table presents the changes in accumulated other comprehensive (loss) income:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Foreign currency translation adjustments:				
Other comprehensive (loss) income before reclassifications (1)	$ (52,315)	$ 20,934	$ (42,602)	$ (20,533)
Amounts reclassified into income (2)	—	—	95,120	—
Deferred gains (losses) on cash flow hedging instruments:				
Other comprehensive income (loss) before reclassifications	—	(42)	—	(42)
Amounts reclassified into income (3)	109	—	83	—
Net change in accumulated other comprehensive (loss) income	$ (52,206)	$ 20,892	$ 52,601	$ (20,575)

(1) Foreign currency translation adjustments included intra-entity foreign currency transactions that were of a long-term investment nature and were net losses of $453 and $403 for the three months ended March 31, 2020 and 2019, respectively, and net losses of $703 and $875 for the nine months ended March 31, 2020 and 2019, respectively.
(2) Foreign currency translation gains or losses of foreign subsidiaries related to divested businesses are reclassified into income once the liquidation of the respective foreign subsidiaries is substantially complete. At the completion of the sale of Tilda, the Company reclassified $95,120 of translation losses from accumulated comprehensive loss to the Company's results of discontinued operations.
(3) Amounts reclassified into income for deferred gains (losses) on cash flow hedging instruments are recorded in Cost of sales in the Consolidated Statements of Operations and, before taxes, were $134 and $108 in the three and nine months ended March 31, 2020, respectively. There were no amounts reclassified into income in the three and nine months ended March 31, 2019.

13. STOCK-BASED COMPENSATION AND INCENTIVE PERFORMANCE PLANS

The Company has one stockholder approved plan, the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan, under which the Company's officers, senior management, other key employees, consultants and directors may be granted options to purchase the Company's common stock or other forms of equity-based awards. The Company also grants shares under its 2019 Equity Inducement Award Program to induce selected individuals to become employees of the Company. The Company maintains a long-term incentive program (the "LTI Plan"). As of March 31, 2020, the LTI Plan consisted of two performance-based long-term incentive plans (the "2018-2020 LTIP" and "2019-2021 LTIP") that provide for performance equity awards that can be earned over defined performance periods. As of March 31, 2019, the Company maintained the 2017-2019 LTIP in addition to a 2016-2018 LTIP that provided for performance equity awards that could have been earned over a three-year performance period. The Company's plans are described in Note 14, *Stock-Based Compensation and Incentive Performance Plans*, in the Notes to the Consolidated Financial Statements in the Form 10-K.

Compensation cost and related income tax benefits recognized in the Consolidated Statements of Operations for stock-based compensation plans were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Selling, general and administrative expense	$ 3,761	$ 3,927	$ 9,581	$ 5,489
Chief Executive Officer Succession Plan expense, net	—	—	—	429
Discontinued operations	—	16	544	71
Total compensation cost recognized for stock-based compensation plans	$ 3,761	$ 3,943	$ 10,125	$ 5,989
Related income tax benefit	$ 630	$ 470	$ 1,300	$ 765

During the nine months ended March 31, 2019, the Company determined that the achievement of the adjusted operating income goals required to be met for Section 162(m) funding were not probable and therefore no awards would be paid or vested pursuant to the 2016-2018 LTIP and 2017-2019 LTIP. As such, in the nine months ended March 31, 2019, the Company recorded a benefit of $9,478 associated with the reversal of previously accrued amounts for awards under these plans that were dependent on the achievement of pre-determined performance measures. Of this amount, $5,065 was recorded in Chief Executive Officer Succession Plan expense, net, and $4,413 was recorded to Selling, general and administration expense (including $1,867 of stock-based compensation expense).

Restricted Stock

A summary of the restricted stock and restricted share unit activity for the nine months ended March 31, 2020 is as follows:

	Number of Shares and Units	Weighted Average Grant Date Fair Value (per share)
Non-vested restricted stock, restricted share units, and performance units outstanding at June 30, 2019	2,729	$ 12.94
Granted	969	$ 17.16
Vested	(257)	$ 22.77
Forfeited	(1,249)	$ 8.41
Non-vested restricted stock, restricted share units, and performance units outstanding at March 31, 2020	2,192	$ 15.82

At March 31, 2020 and June 30, 2019, the table above includes a total of 1,048 and 1,964 shares, respectively, that represent the target number of shares that may be earned under non-vested performance equity awards that are eligible to vest at 300% of target depending on the achievement of pre-defined performance criteria. Additionally, at March 31, 2020 and June 30, 2019, the table above includes a total of 29 and 42 shares, respectively, that represent the target number of shares that may be earned under non-vested performance equity awards that are eligible to vest at 150% of target depending on the achievement of pre-defined performance criteria.

	Nine Months Ended March 31,	
	2020	**2019**
Fair value of restricted stock and restricted share units granted	$ 16,634	$ 24,734
Fair value of shares vested	$ 5,848	$ 7,725
Tax (benefit) expense recognized from restricted shares vesting	$ (102)	$ 3,331

At March 31, 2020, there was $23,325 of unrecognized stock-based compensation expense, net of estimated forfeitures, related to non-vested restricted stock awards which is expected to be recognized over a weighted average period of 2.0 years.

Stock Options

A summary of the stock option activity for the nine months ended March 31, 2020 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Aggregate Intrinsic Value
Options outstanding and exercisable at June 30, 2019	122	$ 2.26		
Exercised	—	—		
Options outstanding and exercisable at March 31, 2020	122	$ 2.26	11.3	$ 2,891

At March 31, 2020, there was no unrecognized compensation expense related to stock option awards.

14. INVESTMENTS

On October 27, 2015, the Company acquired a minority equity interest in Chop’t Creative Salad Company LLC, predecessor to Chop't Holdings, LLC (“Chop’t”). Chop’t develops and operates fast-casual, fresh salad restaurants in the Northeast and Mid-Atlantic United States. The investment is being accounted for as an equity method investment due to the Company’s representation on the Board of Directors of Chop’t. At March 31, 2020 and June 30, 2019, the carrying value of the Company’s investment in Chop’t was $13,755 and $14,632, respectively, and is included in the Consolidated Balance Sheets as a component of Investments and joint ventures.

15. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Company’s financial assets and liabilities measured at fair value are required to be grouped in one of three levels. The levels prioritize the inputs used to measure the fair value of the assets or liabilities. These levels are:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 – Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table presents assets and liabilities measured at fair value on a recurring basis as of March 31, 2020:

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Forward foreign currency contracts	992	—	992	—
Equity investment	479	479	—	—
Total	$ 1,471	$ 479	$ 992	$ —
Liabilities:				
Forward foreign currency contracts	$ 122	$ —	$ 122	$ —
Total	$ 122	$ —	$ 122	$ —

The following table presents assets and liabilities measured at fair value on a recurring basis as of June 30, 2019:

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents	$ 44	$ 44	$ —	$ —
Forward foreign currency contracts	626	—	626	—
Equity investment	621	621	—	—
Total	$ 1,291	$ 665	$ 626	$ —
Liabilities:				
Forward foreign currency contracts	$ 103	$ —	$ 103	$ —
Total	$ 103	$ —	$ 103	$ —

The equity investment consists of the Company’s less than 1% investment in Yeo Hiap Seng Limited, a food and beverage manufacturer and distributor based in Singapore. Fair value is measured using the market approach based on quoted prices. The Company utilizes the income approach to measure fair value for its foreign currency forward contracts. The income approach uses pricing models that rely on market observable inputs such as yield curves, currency exchange rates and forward prices.

At March 31, 2020 and June 30, 2019, the probability of payment related to existing contingent consideration arrangements was remote. Accordingly, no liability was recorded on the Consolidated Balance Sheets in either period.

There were no transfers of financial instruments between the three levels of fair value hierarchy during the nine months ended March 31, 2020 and March 31, 2019.

The carrying amount of cash and cash equivalents, accounts receivable, net, accounts payable and certain accrued expenses and other current liabilities approximate fair value due to the short-term maturities of these financial instruments. The Company's debt approximates fair value due to the debt bearing fluctuating market interest rates (See Note 10, *Debt and Borrowings*).

In addition to the instruments named above, the Company also makes fair value measurements in connection with its interim and annual goodwill and tradename impairment testing. These measurements fall into Level 3 of the fair value hierarchy (See Note 9, *Goodwill and Other Intangible Assets*).

Derivative Instruments

The Company primarily has exposure to changes in foreign currency exchange rates relating to certain anticipated cash flows and firm commitments from its international operations. The Company may enter into certain derivative financial instruments, when available on a cost-effective basis, to manage such risk. Derivative financial instruments are not used for speculative purposes. The fair value of these derivatives is included in Prepaid expenses and other current assets and Accrued expenses and other current liabilities in the Consolidated Balance Sheets. For derivative instruments that qualify as hedges of probable forecasted cash flows, the effective portion of changes in fair value is temporarily reported in Accumulated other comprehensive loss and recognized in earnings when the hedged item affects earnings. Fair value hedges and derivative instruments not designated as hedges are marked-to-market each reporting period with any unrealized gains or losses recognized in earnings.

Derivative instruments designated as hedges at inception are measured for effectiveness at inception and on a quarterly basis. These assessments determine whether derivatives designated as qualifying hedges continue to be highly effective in offsetting changes in the cash flows of hedged items. Any ineffective portion of change in fair value is not deferred in Accumulated other comprehensive loss and is included in current period earnings. The Company will discontinue cash flow hedge accounting when the forecasted transaction is no longer probable of occurring on the originally forecasted date or when the hedge is no longer effective. There were no discontinued foreign exchange hedges for the three and nine months ended March 31, 2020 and March 31, 2019.

The notional amount of cash flow hedges at March 31, 2020 and June 30, 2019 was $6,051 and $2,275, respectively. The fair value of cash flow hedges at March 31, 2020 and June 30, 2019 was $257 and $83 of net assets, respectively.
The notional amounts of foreign currency exchange contracts not designated as hedges at March 31, 2020 and June 30, 2019 were $45,768 and $41,845, respectively. The fair values of foreign currency exchange contracts not designated as hedges at March 31, 2020 and June 30, 2019 were $613 and $440 of net assets, respectively.

Gains and losses related to non-designated foreign currency exchange contracts are recorded in the Company's Consolidated Statements of Operations based upon the nature of the underlying hedged transaction and were not material for the three and nine months ended March 31, 2020 and March 31, 2019.

16. COMMITMENTS AND CONTINGENCIES

Securities Class Actions Filed in Federal Court

On August 17, 2016, three securities class action complaints were filed in the Eastern District of New York against the Company alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The three complaints are: (1) *Flora v. The Hain Celestial Group, Inc., et al.* (the "Flora Complaint"); (2) *Lynn v. The Hain Celestial Group, Inc., et al.* (the "Lynn Complaint"); and (3) *Spadola v. The Hain Celestial Group, Inc., et al.* (the "Spadola Complaint" and, together with the Flora and Lynn Complaints, the "Securities Complaints"). On June 5, 2017, the court issued an order for consolidation, appointment of Co-Lead Plaintiffs and approval of selection of co-lead counsel. Pursuant to this order, the Securities Complaints were consolidated under the caption *In re The Hain Celestial Group, Inc. Securities Litigation* (the "Consolidated Securities Action"), and Rosewood Funeral Home and Salamon Gimpel were appointed as Co-Lead Plaintiffs. On June 21, 2017, the Company received notice that plaintiff Spadola voluntarily dismissed his claims without prejudice to his ability to participate in the Consolidated Securities Action as an absent class member. The Co-Lead Plaintiffs in the Consolidated

Securities Action filed a Consolidated Amended Complaint on August 4, 2017 and a Corrected Consolidated Amended Complaint on September 7, 2017 on behalf of a purported class consisting of all persons who purchased or otherwise acquired Hain Celestial securities between November 5, 2013 and February 10, 2017 (the “Amended Complaint”). The Amended Complaint named as defendants the Company and certain of its former officers (collectively, “Defendants”) and asserted violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on allegedly materially false or misleading statements and omissions in public statements, press releases and SEC filings regarding the Company’s business, prospects, financial results and internal controls. Defendants filed a motion to dismiss the Amended Complaint on October 3, 2017 which the Court granted on March 29, 2019, dismissing the case in its entirety, without prejudice to replead. Co-Lead Plaintiffs filed a Second Amended Consolidated Class Action Complaint on May 6, 2019 (the “Second Amended Complaint”). The Second Amended Complaint again named as defendants the Company and certain of its current and former officers and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on allegations similar to those in the Amended Complaint, including materially false or misleading statements and omissions in public statements, press releases and SEC filings regarding the Company’s business, prospects, financial results and internal controls. Defendants filed a motion to dismiss the Second Amended Complaint on June 20, 2019. Co-Lead Plaintiffs filed an opposition on August 5, 2019, and Defendants submitted a reply on September 3, 2019. On April 6, 2020, the Court granted Defendants' motion to dismiss the Second Amended Complaint in its entirety, with prejudice. Co-Lead Plaintiffs filed a notice of appeal on May 5, 2020 indicating their intent to appeal the Court’s decision dismissing the Second Amended Complaint to the United States Court of Appeals for the Second Circuit.

Stockholder Derivative Complaints Filed in State Court

On September 16, 2016, a stockholder derivative complaint, Paperny v. Heyer, et al. (the “Paperny Complaint”), was filed in New York State Supreme Court in Nassau County against the former Board of Directors and certain former officers of the Company alleging breach of fiduciary duty, unjust enrichment, lack of oversight and corporate waste. On December 2, 2016 and December 29, 2016, two additional stockholder derivative complaints were filed in New York State Supreme Court in Nassau County against the former Board of Directors and certain former officers under the captions *Scarola v. Simon* (the “Scarola Complaint”) and *Shakir v. Simon* (the “Shakir Complaint” and, together with the Paperny Complaint and the Scarola Complaint, the “Derivative Complaints”), respectively. Both the Scarola Complaint and the Shakir Complaint alleged breach of fiduciary duty, lack of oversight and unjust enrichment. On February 16, 2017, the parties for the Derivative Complaints entered into a stipulation consolidating the matters under the caption *In re The Hain Celestial Group* (the “Consolidated Derivative Action”) in New York State Supreme Court in Nassau County, ordering the Shakir Complaint as the operative complaint. On November 2, 2017, the parties agreed to stay the Consolidated Derivative Action. Co-Lead Plaintiffs requested leave to file an amended consolidated complaint, and on January 14, 2019, the Court partially lifted the stay, ordering Co-Lead Plaintiffs to file their amended complaint by March 7, 2019. Co-Lead Plaintiffs filed a Verified Amended Shareholder Derivative Complaint on March 7, 2019. The Court continued the stay pending a decision on Defendants’ motion to dismiss in the Consolidated Securities Action (referenced above). After the Court in the Consolidated Securities Action dismissed the Amended Complaint, the Court in the Consolidated Derivative Action ordered Co-Lead Plaintiffs to file a second amended complaint no later than July 8, 2019. Co-Lead Plaintiffs filed a Verified Second Amended Shareholder Derivative Complaint on July 8, 2019 (the “Second Amended Derivative Complaint”). Defendants moved to dismiss the Second Amended Derivative Complaint on August 7, 2019. Co-Lead Plaintiffs filed an opposition to Defendants’ motion to dismiss, and Defendants submitted a reply on September 20, 2019. This motion is fully briefed, and the parties await a decision.

Additional Stockholder Class Action and Derivative Complaints Filed in Federal Court

On April 19, 2017 and April 26, 2017, two class action and stockholder derivative complaints were filed in the Eastern District of New York against the former Board of Directors and certain former officers of the Company under the captions *Silva v. Simon, et al.* (the “Silva Complaint”) and *Barnes v. Simon, et al.* (the “Barnes Complaint”), respectively. Both the Silva Complaint and the Barnes Complaint allege violation of securities law, breach of fiduciary duty, waste of corporate assets and unjust enrichment.

On May 23, 2017, an additional stockholder filed a complaint under seal in the Eastern District of New York against the former Board of Directors and certain former officers of the Company. The complaint alleged that the Company’s former directors and certain former officers made materially false and misleading statements in press releases and SEC filings regarding the Company’s business, prospects and financial results. The complaint also alleged that the Company violated its by-laws and Delaware law by failing to hold its 2016 Annual Stockholders Meeting and includes claims for breach of fiduciary duty, unjust enrichment and corporate waste. On August 9, 2017, the Court granted an order to unseal this case and reveal Gary Merenstein as the plaintiff (the “Merenstein Complaint”).

On August 10, 2017, the court granted the parties' stipulation to consolidate the Barnes Complaint, the Silva Complaint and the Merenstein Complaint under the caption *In re The Hain Celestial Group, Inc. Stockholder Class and Derivative Litigation* (the “Consolidated Stockholder Class and Derivative Action”) and to appoint Robbins Arroyo LLP and Scott+Scott as Co-Lead Counsel, with the Law Offices of Thomas G. Amon as Liaison Counsel for Plaintiffs. On September 14, 2017, a related complaint was filed under the caption *Oliver v. Berke*, *et al.* (the “Oliver Complaint”), and on October 6, 2017, the Oliver Complaint was consolidated with the Consolidated Stockholder Class and Derivative Action. The Plaintiffs filed their consolidated amended complaint under seal on October 26, 2017. On December 20, 2017, the parties agreed to stay Defendants’ time to answer, move, or otherwise respond to the consolidated amended complaint through and including 30 days after a decision was rendered on the motion to dismiss the Amended Complaint in the Consolidated Securities Action, described above.

On March 29, 2019, the Court in the Consolidated Securities Action granted Defendants’ motion, dismissing the Amended Complaint in its entirety, without prejudice to replead. Co-Lead Plaintiffs in the Consolidated Securities Action filed the Second Amended Complaint on May 6, 2019. The parties to the Consolidated Stockholder Class and Derivative Action agreed to continue the stay of Defendants’ time to answer, move, or otherwise respond to the consolidated amended complaint through 30 days after a decision on Defendants' motion to dismiss the Second Amended Complaint in the Consolidated Securities Action.

On April 6, 2020, the Court granted Defendants’ motion to dismiss the Second Amended Complaint in the Consolidated Securities Action, with prejudice. Pursuant to the terms of the stay, Defendants in the Consolidated Stockholder Class and Derivative Action had until May 6, 2020 to answer, move, or otherwise respond to the complaint in this matter. On April 28, 2020, the Court entered an order extending Defendants’ time to respond to June 9, 2020.

Other

In addition to the litigation described above, the Company is and may be a defendant in lawsuits from time to time in the normal course of business. While the results of litigation and claims cannot be predicted with certainty, the Company believes the reasonably possible losses of such matters, individually and in the aggregate, are not material. Additionally, the Company believes the probable final outcome of such matters will not have a material adverse effect on the Company’s consolidated results of operations, financial position, cash flows or liquidity.

17. SEGMENT INFORMATION

Prior to July 1, 2019, the Company’s operations were managed in seven operating segments: the United States, United Kingdom, Tilda, Ella’s Kitchen UK, Europe, Canada and Hain Ventures. For segment reporting purposes, based on economic similarity as outlined within Accounting Standards Codification ("ASC") 280, *Segment Reporting*, the Company elected to combine the United Kingdom, Tilda and Ella’s Kitchen UK operating segments into one reportable segment known as United Kingdom. Additionally, the Canada, Europe and Hain Ventures operating segments were combined as the Rest of World reportable segment. Separately, the United States operating segment comprised its own reportable segment.

Effective July 1, 2019, the Company reassessed its segment reporting structure due to changes in how the Company’s CODM assesses the Company’s performance and allocates resources as a result of a change in the Company’s strategy, which includes creating synergies among the Company’s United States and Canada businesses, as well as among the Company’s international businesses in the United Kingdom and Europe. As a result, the Canada and Hain Ventures operating segments, which were included within the Rest of World reportable segment, were moved to the United States reportable segment and renamed the North America reportable segment. Additionally, the Europe operating segment, which was included in the Rest of World reportable segment, was combined with the United Kingdom reportable segment and renamed the International reportable segment. Accordingly, the Company now operates under two reportable segments: North America and International.

Prior period segment information has been adjusted to reflect the Company’s new operating and reporting structure. Additionally, the Tilda operating segment was classified as discontinued operations as discussed in Note 5, *Discontinued Operations*. Segment information presented herein excludes the results of Tilda for all periods presented.

Net sales and operating income are the primary measures used by the Company's CODM to evaluate segment operating performance and to decide how to allocate resources to segments. The CODM is the Company's CEO. Expenses related to certain centralized administration functions that are not specifically related to an operating segment are included in Corporate and Other. Corporate and Other expenses are comprised mainly of the compensation and related expenses of certain of the Company's senior executive officers and other selected employees who perform duties related to the entire enterprise, as well as expenses for certain professional fees, facilities and other items which benefit the Company as a whole. Additionally, certain Productivity and transformation costs are included in Corporate and Other. Expenses that are managed centrally, but can be attributed to a segment, such as employee benefits and certain facility costs, are allocated based on reasonable allocation methods. The Company's CODM does not use segment asset information to allocate resources or to assess performance of the segments and therefore, total segment assets have not been disclosed.

The following tables set forth financial information about each of the Company's reportable segments. Transactions between reportable segments were insignificant for all periods presented.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Net Sales:				
North America	$ 320,440	$ 314,321	$ 872,834	$ 911,086
International	232,857	232,936	669,323	688,215
	$ 553,297	$ 547,257	$ 1,542,157	$ 1,599,301
Operating Income (Loss):				
North America	$ 28,873	$ 21,358	$ 64,067	$ 35,427
International	18,660	19,883	40,666	40,696
	47,533	41,241	$ 104,733	$ 76,123
Corporate and Other [(a)]	(28,398)	(22,249)	(73,952)	(105,975)
	$ 19,135	$ 18,992	$ 30,781	$ (29,852)

(a) In addition to general Corporate and Other expenses as described above, for the three months ended March 31, 2020, Corporate and Other includes $5,572 of Productivity and transformation costs and tradename impairment of $7,650 ($2,118 related to North America; $5,532 related to International), partially offset by a benefit of $400 of proceeds from insurance claim. For the three months ended March 31, 2019, Corporate and Other includes $455 of Chief Executive Officer Succession Plan expense, net and $7,562 of Productivity and transformation costs.

In addition to general Corporate and Other expenses as described above, for the nine months ended March 31, 2020, Corporate and Other includes $26,142 of Productivity and transformation costs and tradename impairment charges of $9,539 ($4,007 related to North America; $5,532 related to International), partially offset by a benefit of $2,962 of proceeds from insurance claim. For the nine months ended March 31, 2019, Corporate and Other includes $30,156 of Chief Executive Officer Succession Plan expense, net, $21,045 of Productivity and transformation costs, $4,334 of accounting review and remediation costs, net of insurance proceeds, and tradename impairment charges of $17,900 ($15,113 related to North America; $2,787 related to International).

The Company's net sales by product category are as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Grocery	$ 373,723	$ 388,687	$ 1,081,497	$ 1,151,781
Snacks	79,252	72,513	227,925	216,652
Tea	33,372	31,784	93,855	93,113
Personal Care	66,950	54,273	138,880	137,755
Total	$ 553,297	$ 547,257	$ 1,542,157	$ 1,599,301

The Company’s net sales by geographic region, which are generally based on the location of the Company’s subsidiaries, were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
United States	$ 279,534	$ 278,589	$ 758,759	$ 804,456
United Kingdom	169,024	179,679	501,619	537,438
All Other	104,739	88,989	281,779	257,407
Total	$ 553,297	$ 547,257	$ 1,542,157	$ 1,599,301

The Company’s long-lived assets, which primarily represent net property, plant and equipment, by geographic area were as follows:

	March 31, 2020	June 30, 2019
United States	$ 113,069	$ 115,866
United Kingdom	137,517	132,876
All Other	82,005	87,277
Total	$ 332,591	$ 336,019

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Consolidated Financial Statements and the related Notes thereto for the period ended March 31, 2020 contained in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended June 30, 2019. Forward looking statements in this Form 10-Q are qualified by the cautionary statement included in this Form 10-Q under the sub-heading "Cautionary Note Regarding Forward Looking Information" in the introduction of this Form 10-Q.

Overview

The Hain Celestial Group, Inc., a Delaware corporation (collectively, along with its subsidiaries, the "Company," and herein referred to as "Hain Celestial," "we," "us" and "our"), was founded in 1993 and is headquartered in Lake Success, New York. The Company's mission has continued to evolve since its founding, with health and wellness being the core tenet — To Create and Inspire A Healthier Way of Life™ and be the leading marketer, manufacturer and seller of organic and natural, "better-for-you" products by anticipating and exceeding consumer expectations in providing quality, innovation, value and convenience. The Company is committed to growing sustainably while continuing to implement environmentally sound business practices and manufacturing processes. Hain Celestial sells its products through specialty and natural food distributors, supermarkets, natural food stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 70 countries worldwide.

The Company manufactures, markets, distributes and sells organic and natural products under brand names that are sold as "better-for-you" products, providing consumers with the opportunity to lead A Healthier Way of Life™. Hain Celestial is a leader in many organic and natural products categories, with many recognized brands in the various market categories it serves, including Almond Dream®, Bearitos®, Better Bean®, BluePrint®, Celestial Seasonings®, Clarks™, Coconut Dream®, Cully & Sully®, Danival®, DeBoles®, Earth's Best®, Ella's Kitchen®, Farmhouse Fare™, Frank Cooper's®, Gale's®, Garden of Eatin'®, GG UniqueFiber®, Hain Pure Foods®, Hartley's®, Health Valley®, Imagine®, Johnson's Juice Co.™, Joya®, Lima®, Linda McCartney® (under license), MaraNatha®, Mary Berry (under license), Natumi®, New Covent Garden Soup Co.®, Orchard House®, Rice Dream®, Robertson's®, Sensible Portions®, Spectrum® Organics, Soy Dream®, Sun-Pat®, Sunripe®, Terra®, The Greek Gods®, Walnut Acres®, Yorkshire Provender®, Yves Veggie Cuisine®and William's™. The Company's personal care products are marketed under the Alba Botanica®, Avalon Organics®, Earth's Best®, JASON®, Live Clean® and Queen Helene® brands.

The Company's strategy is to focus on simplifying the Company's portfolio and reinvigorating profitable sales growth through discontinuing uneconomic investment, realigning resources to coincide with individual brand roles, reducing unproductive stock-keeping units ("SKUs") and brands, and reassessing current pricing architecture. As part of this initiative, the Company reviewed its product portfolio within North America and divided it into "Get Bigger" and "Get Better" brand categories.

The Company's "Get Bigger" brands represent its strongest brands with higher margins, which compete in categories with strong growth. In order to capitalize on the potential of these brands, the Company began reallocating resources to optimize assortment and increase share of distribution. In addition, the Company will increase its marketing and innovation investments.

The Company's "Get Better" brands are the brands in which the Company is primarily focused on simplification and expansion of profit. Some of these are low margin, non-strategic brands that add complexity with minimal benefit to the Company's operations. Accordingly, in fiscal 2019, the Company initiated a SKU rationalization, which included the elimination of approximately 350 low velocity SKUs. The elimination of these SKUs is expected to impact sales growth in the current fiscal year, but is expected to result in expanded profits and a remaining set of core SKUs that will maintain their shelf space in the store.

As part of the Company's overall strategy, the Company may seek to dispose of businesses and brands that are less profitable or are otherwise less of a strategic fit within our core portfolio. Accordingly, the Company divested of all of its operations of the Hain Pure Protein reportable segment and WestSoy® tofu, seitan and tempeh businesses in the United States in fiscal 2019, the entities comprising its Tilda operating segment and certain other assets of the Tilda business in August 2019, its Arrowhead Mills® and SunSpire® brands in October 2019, and its Europe's Best® and Casbah® brands in March 2020.

COVID-19

The COVID-19 pandemic has created challenging and unprecedented conditions, and we are committed to supporting the global response to the crisis. We are proud of our employees who are giving extraordinary effort under difficult circumstances to ensure we can supply the products our consumers depend on. We are pleased with our preparation and efforts through the early stages of the pandemic, and we believe we are well positioned for the future as we continue to navigate the crisis and prepare for an eventual return to a more normal operating environment. We have successfully implemented contingency plans overseen by crisis management teams to monitor the evolving needs of our business. While we have managed the pandemic well with minimal disruption to our business thus far, the impact of the pandemic on our future consolidated results of operations is uncertain.

We discuss the actual and potential impact of the COVID-19 pandemic on our business below as well as in Part II, Item 1A, *Risk Factors* of this Form 10-Q.

Employee and Consumer Health and Safety Precautions

From the outset of the pandemic, our first priority has been the well-being of our employees and consumers. We were early adopters of guidance from global health authorities for preventing the spread of COVID-19, and we have consistently met or exceeded government guidelines for addressing the health and safety of our employees, including global travel restrictions, prohibitions against visitors, social distancing requirements, the use of thermal temperature scanners, and the provision of personal protective equipment to our employees. We have also enabled the use of new technology to allow many of our office-based employees to work from home effectively. While these important actions and initiatives have led to some increased costs, the overall costs have not been material to our financial results and have been more than offset by the overall increase in our net sales due to increased consumer demand.

Manufacturing Facilities and Supply Chain Challenges

We have experienced temporary disruptions at certain of our manufacturing facilities due to an abundance of caution and our early adoption of best practices for addressing instances of an employee contracting COVID-19. We are proud of our efforts to ensure the health and safety of our employees and consumers, and these temporary disruptions have not had a material impact on our operations to date. We continue to monitor and comply with all applicable government orders, as many of the jurisdictions in which we do business begin to transition to the next phase of re-opening and a more normal operating environment.

We are facing, and will continue to face, significant operational challenges in manufacturing our products and making them available to customers and consumers as a result of the COVID-19 pandemic. Shelter-in-place and social distancing behaviors, which are being mandated or encouraged by governments and practiced by businesses and individuals, create challenges for our manufacturing employees as well as for third parties on which we rely to make our products available to consumers. These third parties include our suppliers, contract manufacturers, distributors, logistics providers and other business partners, as well as the retailers that ultimately sell our products to consumers. We have experienced some increased volatility in the cost of ingredients and increased logistics-related costs to manage our supply chain through the pandemic. To date, these increased costs have not had a material impact on our financial results.

We believe our planning has us well positioned to continue to manage these supply chain challenges. When certain European countries were among the first regions impacted by COVID-19, we learned the nature and scope of the resulting supply disruptions and how to prepare for them. We made the decision to identify our most important products and secondary sources of supply and manufacturing capabilities for those key products. We acquired extra raw materials, supplemented our inventory levels and added temporary labor to support our extra manufacturing and health and safety initiatives. We also consolidated product shipping orders to more efficiently meet the increased customer and consumer demand. The framework for these supply chain measures remains in place to continue to meet any further surges in demand.

Consumer Demand

To date, shelter-in-place and social distancing behaviors have resulted in increased overall demand for our products, most notably in our grocery, snacks, tea and certain personal care product categories. Other product offerings, such as sun care products and the food service component of our European fruit business, have been adversely impacted due to changed consumer behavior and priorities.

While we have experienced a net increase in the overall demand for our products during the early phases of the COVID-19 pandemic, the duration of that increased demand environment is uncertain. Additionally, deteriorating economic and political conditions arising from the COVID-19 pandemic could adversely affect future demand for our products. Factors such as increased unemployment, decreases in disposable income and declines in consumer confidence could cause a decrease in demand for our overall product set, particularly higher priced products.

Our Financial Position

The COVID-19 pandemic has not negatively impacted our operations to date. Accordingly, we do not expect our financial position to be materially impacted by the COVID-19 pandemic. We finance our operations primarily with the cash flows we generate from our operations and from borrowings available to us under our Third Amended and Restated Credit Agreement (as amended, the “Amended Credit Agreement”). As of March 31, 2020, we had $628.1 million available under the Amended Credit Agreement.

Business Priorities

While the current environment has caused us to delay certain planned innovation and productivity initiatives, our business strategy of simplifying our portfolio and reinvigorating profitable sales growth remains unchanged.

Financial Impact on Third Parties and Equity Investments

The economic fallout from the COVID-19 pandemic will impact third parties with which we conduct business, including our suppliers, contract manufacturers, distributors, logistics providers and other business partners. Deteriorating economic conditions could jeopardize the viability of some third parties and our business relationships with them and could cause us to incur losses or increased costs in our dealings with those third parties. We have taken measures to minimize the impact of hardships faced by individual business partners, including by identifying secondary sources of supply and manufacturing capabilities.

Productivity and Transformation

As part of the Company’s historical strategic review, it focused on a productivity initiative, which it called “Project Terra.” A key component of this project was the identification of global cost savings and the removal of complexity from the business. In fiscal 2019, the Company announced a new transformation initiative, of which one aspect is to identify additional areas of productivity savings to support sustainable profitable performance.

Productivity and transformation costs include costs, such as consulting and severance costs, relating to streamlining the Company’s manufacturing plants, co-packers and supply chain, eliminating served categories or brands within those categories, and product rationalization initiatives which are aimed at eliminating slow moving SKUs.

Discontinued Operations

On August 27, 2019, the Company and Ebro Foods S.A. (the “Purchaser”) entered into, and consummated the transactions contemplated by, an agreement titled, "Agreement relating to the sale and purchase of the Tilda Group Entities and certain other assets" (the “Sale and Purchase Agreement”). The Company sold the entities comprising its Tilda operating segment and certain other assets of the Tilda business to the Purchaser for an aggregate price of $341.8 million.

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business, a component of the Company’s Hain Pure Protein Corporation (“HPPC”) operating segment. On June 28, 2019, the Company completed the sale of the remainder of HPPC and Empire Kosher which included the FreeBird and Empire Kosher businesses. These dispositions were undertaken to reduce complexity in the Company’s operations and simplify the Company’s brand portfolio, in addition to allowing additional flexibility to focus on opportunities for growth and innovation in the Company’s more profitable and faster growing core businesses. Collectively, these dispositions were reported in the aggregate as the Hain Pure Protein reportable segment.

These dispositions represented strategic shifts that had a major impact on the Company’s operations and financial results and therefore, the Company is presenting the operating results and cash flows of the Tilda operating segment and the Hain Pure Protein reportable segment within discontinued operations in the current and prior periods. The assets and liabilities of the Tilda operating segment are presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheet as of June 30, 2019.

See Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for additional information on discontinued operations.

Change in Reportable Segments

Historically, the Company had three reportable segments: United States, United Kingdom and Rest of World. Effective July 1, 2019, the Company reassessed its segment reporting structure due to changes in how the Company's Chief Executive Officer ("CEO"), who is the chief operating decision maker, assesses the Company's performance and allocates resources as a result of a change in the Company's strategy, which includes creating synergies among the Company's United States and Canada businesses, as well as among the Company's international businesses in the United Kingdom and Europe. As a result, the Canada and Hain Ventures operating segment, which were included within the Rest of World reportable segment, were moved to the United States reportable segment and renamed the North America reportable segment. Additionally, the Europe operating segment, which was included in the Rest of World reportable segment, was combined with the United Kingdom reportable segment and renamed the International reportable segment. Accordingly, the Company now operates under two reportable segments: North America and International.

Prior period segment information contained herein has been adjusted to reflect the Company's new operating and reporting structure.

Comparison of Three Months Ended March 31, 2020 to Three Months Ended March 31, 2019

Consolidated Results

The following table compares our results of operations, including as a percentage of net sales, on a consolidated basis, for the three months ended March 31, 2020 and 2019 (amounts in thousands, other than percentages, which may not add due to rounding):

	Three Months Ended				Change in	
	March 31, 2020		March 31, 2019		Dollars	Percentage
Net sales	$ 553,297	100.0%	$ 547,257	100.0%	$ 6,040	1.1%
Cost of sales	420,902	76.1%	434,049	79.3%	(13,147)	(3.0)%
Gross profit	132,395	23.9%	113,208	20.7%	19,187	16.9%
Selling, general and administrative expenses	85,447	15.4%	81,088	14.8%	4,359	5.4%
Amortization of acquired intangibles	3,174	0.6%	3,265	0.6%	(91)	(2.8)%
Productivity and transformation costs	11,514	2.1%	9,408	1.7%	2,106	22.4%
Chief Executive Officer Succession Plan expense, net	—	—%	455	0.1%	(455)	*
Proceeds from insurance claim	(400)	(0.1)%	—	—%	(400)	*
Long-lived asset and intangibles impairment	13,525	2.4%	—	—%	13,525	*
Operating income	19,135	3.5%	18,992	3.5%	143	0.8%
Interest and other financing expense, net	4,037	0.7%	5,994	1.1%	(1,957)	(32.6)%
Other (income) expense, net	(260)	—%	1,067	0.2%	(1,327)	(124.4)%
Income from continuing operations before income taxes and equity in net loss of equity-method investees	15,358	2.8%	11,931	2.2%	3,427	28.7%
(Benefit) provision for income taxes	(10,242)	(1.9)%	2,943	0.5%	(13,185)	(448.0)%
Equity in net loss of equity-method investees	564	—%	205	—%	359	175.1%
Net income from continuing operations	$ 25,036	4.5%	$ 8,783	1.6%	$ 16,253	185.1%
Net loss from discontinued operations, net of tax	(697)	(0.1)%	(74,620)	(13.6)%	73,923	99.1%
Net income (loss)	$ 24,339	4.4%	$ (65,837)	(12.0)%	$ 90,176	137.0%
Adjusted EBITDA	$ 60,690	11.0%	$ 49,137	9.0%	$ 11,553	23.5%
Diluted net income per common share from continuing operations	$ 0.24		$ 0.08		$ 0.16	200.0%
Diluted net loss per common share from discontinued operations	(0.01)		(0.72)		0.71	98.6%
Diluted net income (loss) per common share	$ 0.23		$ (0.63)		$ 0.86	136.5%

***** *Percentage is not meaningful*

Net Sales

Net sales for the three months ended March 31, 2020 were $553.3 million, an increase of $6.0 million, or 1.1%, as compared to $547.3 million in the three months ended March 31, 2019. On a constant currency basis, net sales increased approximately 2.1% from the prior year quarter. Net sales on a constant currency basis increased in both the North America and International reportable segments. Further details of changes in net sales by segment are provided below.

Gross Profit

Gross profit for the three months ended March 31, 2020 was $132.4 million, an increase of $19.2 million, or 16.9%, as compared to the prior year quarter. Gross profit margin was 23.9% of net sales, compared to 20.7% in the prior year quarter. The increased profit margin was favorably impacted by the product mix and supply chain efficiencies primarily in the United States, partially offset by unfavorable foreign currency impacts of $1.3 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $85.4 million for the three months ended March 31, 2020, an increase of $4.4 million, or 5.4%, from $81.1 million for the prior year quarter. The increase was due to increased variable compensation and marketing costs. Selling, general and administrative expenses as a percentage of net sales was 15.4% in the three months ended March 31, 2020 compared to 14.8% in the prior year quarter, reflecting an increase of 60 basis points primarily attributable to the aforementioned items.

Amortization of Acquired Intangibles

Amortization of acquired intangibles was $3.2 million for the three months ended March 31, 2020, a decrease of $0.1 million from $3.3 million in the prior year quarter primarily resulting from movements in foreign currency.

Productivity and Transformation Costs

Productivity and transformation costs were $11.5 million for the three months ended March 31, 2020, an increase of $2.1 million from $9.4 million in the prior year quarter. The increase was primarily due to increased consulting fees incurred in connection with the Company's ongoing transformation initiatives and increased severance costs.

Chief Executive Officer Succession Plan Expense, Net

Net costs and expenses associated with the Company's former Chief Executive Officer Succession Plan were $0.5 million for the three months ended March 31, 2019. There were no comparable expenses in the three months ended March 31, 2020. See Note 3, *Former Chief Executive Officer Succession Plan*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for further discussion.

Proceeds from Insurance Claim

In July of 2019, the Company received $7.0 million as partial payment from an insurance claim relating to business disruption costs associated with a co-packer. Of this amount $4.5 million was recognized in fiscal 2019 as it relates to reimbursement of costs already incurred, with the remaining $2.5 million recognized in the nine months ended March 31, 2020. The Company recorded an additional $0.4 million of proceeds during the nine months ended March 31, 2020.

Long-lived Asset and Intangibles Impairment

During the three months ended March 31, 2020, the Company recorded a pre-tax impairment charge of $2.1 million related to certain tradenames within the Company's North America segment and $5.5 million related to certain tradenames within the Company's International segment. Additionally, in the three months ended March 31, 2020, the Company recorded a $5.9 million non-cash impairment charge primarily related to a write-down of certain machinery and equipment in the United States and Europe used to manufacture certain slow moving SKUs.

Operating Income

Operating income for the three months ended March 31, 2020 was $19.1 million compared to $19.0 million in the prior year quarter as a result of the items described above.

Interest and Other Financing Expense, Net

Interest and other financing expense, net totaled $4.0 million for the three months ended March 31, 2020, a decrease of $2.0 million, or 32.6%, from $6.0 million in the prior year quarter. The decrease resulted primarily from lower interest expense related to our revolving credit facility as a result of lower outstanding debt and lower variable interest rates. See Note 10, *Debt and Borrowings*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Other (Income) Expense, Net

Other income, net totaled $0.3 million for the three months ended March 31, 2020, compared to expense of $1.1 million in the prior year quarter. The increase was primarily attributable to higher net unrealized foreign currency gains principally due to the effect of foreign currency movements on the remeasurement of foreign currency denominated loans.

Income From Continuing Operations Before Income Taxes and Equity in Net Loss of Equity-Method Investees

Income before income taxes and equity in net loss of our equity-method investees for the three months ended March 31, 2020 was $15.4 million compared to $11.9 million in the prior year quarter. The increase was due to the items discussed above.

Income Taxes

The provision for income taxes includes federal, foreign, state and local income taxes. Our income tax benefit from continuing operations was $10.2 million for the three months ended March 31, 2020 compared to income tax expense of $2.9 million in the prior year quarter.

The effective income tax rate from continuing operations was a benefit of 66.7% and expense of 24.7% for the three months ended March 31, 2020 and March 31, 2019, respectively. The effective income tax rate from continuing operations for the period ended March 31, 2020 was impacted by provisions of the CARES Act. For an additional discussion on the impact of the CARES Act, see Note 11, *Income Taxes*, in the Notes to the Consolidated Financial Statements included in item 1 of this Form 10-Q. The effective income tax rates from continuing operations for all periods were impacted by provisions in the Tax Cuts and Jobs Act (the "Tax Act"), primarily related to Global Intangible Low Taxed Income and limitations on the deductibility of executive compensation. The effective income tax rates in each period were also impacted by the geographical mix of earnings.

Equity in Net Loss of Equity-Method Investees

Our equity in net loss from our equity-method investments for the three months ended March 31, 2020 was $0.6 million and $0.2 million in the prior year quarter. See Note 14, *Investments*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Net Income from Continuing Operations

Net income from continuing operations for the three months ended March 31, 2020 was $25.0 million, or $0.24 per diluted share, compared to $8.8 million, or $0.08 per diluted share, for the three months ended March 31, 2019. The increase was attributable to the factors noted above.

Net Income (Loss) from Discontinued Operations, Net of Tax

Net loss from discontinued operations, net of tax, for the three months ended March 31, 2020 was $0.7 million, or $0.01 per diluted share, compared to $74.6 million, or $0.72 per diluted share, in the three months ended March 31, 2019.

During the three months ended March 31, 2020, the Company recognized a $0.5 million adjustment to the sale of Tilda entities relating to post-closing adjustments. Net loss from discontinued operations, net of tax, for the three months ended March 31, 2019 included asset impairment charges of $51.3 million associated with our former Hain Pure Protein business.

The income tax benefit from discontinued operations was $1.6 million for the three months ended March 31, 2020 associated with the tax gain on the sale of the Tilda and Hain Pure Protein entities and the tax effect of current period book losses. The income tax benefit from discontinued operations of $21.2 million for the three months ended March 31, 2019 includes the reversal of the $12.3 million deferred tax liability previously recorded related to Hain Pure Protein being classified as held for sale. In addition, the benefit is impacted by the tax effect of current period book losses as well as deferred tax benefit arising from asset impairment charges.

See Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for further discussion.

Net Income (Loss)

Net income for the three months ended March 31, 2020 was $24.3 million, or $0.23 per diluted share, compared to a net loss of $65.8 million, or $0.63 per diluted share, in the prior year quarter. The increase was attributable to the factors noted above.

Adjusted EBITDA

Our Adjusted EBITDA was $60.7 million and $49.1 million for the three months ended March 31, 2020 and 2019, respectively, as a result of the factors discussed above and the adjustments described in the *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* presented following the discussion of our results of operations.

Segment Results

The following table provides a summary of net sales and operating income (loss) by reportable segment for the three months ended March 31, 2020 and 2019:

(dollars in thousands)	**North America**	**International**	**Corporate and Other**	**Consolidated**
Net sales				
Three months ended 3/31/20	$ 320,440	$ 232,857	$ —	$ 553,297
Three months ended 3/31/19	314,321	232,936	—	547,257
$ change	$ 6,119	$ (79)	n/a	$ 6,040
% change	1.9 %	— %	n/a	1.1 %
Operating income (loss)				
Three months ended 3/31/20	$ 28,873	$ 18,660	$ (28,398)	$ 19,135
Three months ended 3/31/19	21,358	19,883	(22,249)	18,992
$ change	$ 7,515	$ (1,223)	$ (6,149)	$ 143
% change	35.2 %	(6.2)%	(27.6)%	0.8 %
Operating income (loss) margin				
Three months ended 3/31/20	9.0 %	8.0 %	n/a	3.5 %
Three months ended 3/31/19	6.8 %	8.5 %	n/a	3.5 %

North America

Our net sales in the North America reportable segment for the three months ended March 31, 2020 were $320.4 million, an increase of $6.1 million, or 1.9%, from net sales of $314.3 million in the prior year quarter. The increase in net sales was primarily driven by an increase in overall demand for our products as a result of pantry loading in reaction to the COVID-19 pandemic, most notably in our snacks, tea and certain personal care product categories, partially offset by brand divestitures and the strategic decision to no longer support certain lower margin SKUs in order to reduce complexity and increase gross margins. Operating income in North America for the three months ended March 31, 2020 was $28.9 million, an increase of $7.5 million from $21.4 million in the prior year quarter. The increase was driven by a favorable product mix and supply chain efficiencies, partially offset by long-lived asset impairment charges and increased severance costs.

International

Our net sales in the International reportable segment for the three months ended March 31, 2020 were $232.9 million, essentially flat compared to the prior year quarter. On a constant currency basis, net sales increased 2.2% from the prior year quarter primarily due to an increase in overall demand for our products as a result of pantry loading in reaction to COVID-19 and growth in our plant based food and beverage products, partially offset by reductions in certain fruit-based products. Operating income in our International reportable segment for the three months ended March 31, 2020 was $18.7 million, a decrease of $1.2 million from $19.9 million for the three months ended March 31, 2019. The decrease was primarily associated with long-lived asset impairment charges, partially offset by supply chain efficiencies.

Corporate and Other

Our Corporate and Other category consists of expenses related to the Company’s centralized administrative functions, which do not specifically relate to an operating segment. Such Corporate and Other expenses are comprised mainly of compensation and related expenses of certain of the Company’s senior executive officers and other employees who perform duties related to our entire enterprise as well as expenses for certain professional fees, facilities, and other items which benefit the Company as a whole. Additionally, Productivity and transformation costs and tradename impairment charges of $5.6 million and $7.7 million, respectively, are included in Corporate and Other for the three months ended March 31, 2020. Chief Executive Officer Succession Plan expense, net and Productivity and transformation costs, net of insurance proceeds included within Corporate and Other expenses were $0.5 million and $7.6 million, respectively, for the three months ended March 31, 2019.

Refer to Note 17, *Segment Information*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Comparison of Nine Months Ended March 31, 2020 to Nine Months Ended March 31, 2019

Consolidated Results

The following table compares our results of operations, including as a percentage of net sales, on a consolidated basis, for the nine months ended March 31, 2020 and 2019 (amounts in thousands, other than percentages, which may not add due to rounding):

	Nine Months Ended				Change in	
	March 31, 2020		March 31, 2019		Dollars	Percentage
Net sales	$ 1,542,157	100.0%	$ 1,599,301	100.0%	$ (57,144)	(3.6)%
Cost of sales	1,206,324	78.2%	1,295,834	81.0%	(89,510)	(6.9)%
Gross profit	335,833	21.8%	303,467	19.0%	32,366	10.7%
Selling, general and administrative expenses	245,205	15.9%	235,561	14.7%	9,644	4.1%
Amortization of acquired intangibles	9,446	0.6%	9,946	0.6%	(500)	(5.0)%
Productivity and transformation costs	37,949	2.5%	29,613	1.9%	8,336	28.1%
Chief Executive Officer Succession Plan expense, net	—	—%	30,156	1.9%	(30,156)	*
Proceeds from insurance claim	(2,962)	(0.2)%	—	—%	(2,962)	*
Accounting review and remediation costs, net of insurance proceeds	—	—%	4,334	0.3%	(4,334)	*
Long-lived asset and intangibles impairment	15,414	1.0%	23,709	1.5%	(8,295)	(35.0)%
Operating income (loss)	30,781	2.0%	(29,852)	(1.9)%	60,633	203.1%
Interest and other financing expense, net	15,068	1.0%	15,736	1.0%	(668)	(4.2)%
Other expense, net	2,312	0.1%	2,038	0.1%	274	13.4%
Income (loss) from continuing operations before income taxes and equity in net loss of equity-method investees	13,401	0.9%	(47,626)	(3.0)%	61,027	128.1%
Benefit for income taxes	(9,753)	(0.6)%	(1,926)	(0.1)%	(7,827)	(406.4)%
Equity in net loss of equity-method investees	1,219	—%	391	—%	828	211.8%
Net income (loss) from continuing operations	$ 21,935	1.4%	$ (46,091)	(2.9)%	$ 68,026	147.6%
Net loss from discontinued operations, net of tax	(105,581)	(6.8)%	(123,672)	(7.7)%	18,091	14.6%
Net loss	$ (83,646)	(5.4)%	$ (169,763)	(10.6)%	$ 86,117	50.7%
Adjusted EBITDA	$ 137,827	8.9%	$ 115,719	7.2%	$ 22,108	19.1%
Diluted net income (loss) per common share from continuing operations	$ 0.21		$ (0.44)		$ 0.65	147.7%
Diluted net loss per common share from discontinued operations	(1.01)		(1.19)		0.18	15.1%
Diluted net loss per common share	$ (0.80)		$ (1.63)		$ 0.83	50.9%

***** *Percentage is not meaningful*

Net Sales

Net sales for the nine months ended March 31, 2020 were $1.54 billion, a decrease of $57.1 million, or 3.6%, from $1.60 billion for the nine months ended March 31, 2019. On a constant currency basis, net sales decreased approximately 2.4% from the prior year period. Net sales on a constant currency basis decreased in the North America reportable segment and were essentially flat in the International reportable segment. Further details of changes in net sales by segment are provided below.

Gross Profit

Gross profit for the nine months ended March 31, 2020 was $335.8 million, an increase of $32.4 million, or 10.7%, as compared to the prior year period. Gross profit margin was 21.8% of net sales, compared to 19.0% in the prior year period. The increased profit margin was primarily driven by a favorable product mix and supply chain efficiencies primarily in the United States, partially offset by unfavorable foreign currency impacts of $3.7 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $245.2 million for the nine months ended March 31, 2020, an increase of $9.6 million, or 4.1%, from $235.6 million for the prior year period. The increase was due to increased marketing and advertising spend in the current year period and lower variable compensation costs in the prior year period, including stock-based compensation expense, primarily related to the reversal of previously accrued amounts under certain performance based incentive plans of which achievement was no longer probable. See Note 13, *Stock-based Compensation and Incentive Performance Plans*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for further discussion. Selling, general and administrative expenses as a percentage of net sales was 15.9% in the nine months ended March 31, 2020 compared to 14.7% in the prior year period, reflecting an increase of 120 basis points primarily attributable to the aforementioned items.

Amortization of Acquired Intangibles

Amortization of acquired intangibles was $9.4 million for the nine months ended March 31, 2020, a decrease of $0.5 million from $9.9 million in the prior year period. The decrease was due to finite-lived intangibles from certain historical acquisitions becoming fully amortized in periods subsequent to March 31, 2019 and the impact of movements in foreign currency.

Productivity and Transformation Costs

Productivity and transformation costs were $37.9 million for the nine months ended March 31, 2020, an increase of $8.3 million from $29.6 million in the prior year period. The increase was primarily due to increased consulting fees incurred in connection with the Company’s ongoing transformation initiatives and increased severance costs for the nine months ended March 31, 2020 as compared to the prior year period.

Chief Executive Officer Succession Plan Expense, Net

Net costs and expenses associated with the Company’s former Chief Executive Officer Succession Plan were $30.2 million for the nine months ended March 31, 2019. There were no comparable expenses in the nine months ended March 31, 2020. See Note 3, *Former Chief Executive Officer Succession Plan*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for further discussion.

Proceeds from Insurance Claim

In July of 2019, the Company received $7.0 million as partial payment from an insurance claim relating to business disruption costs associated with a co-packer. Of this amount, $4.5 million was recognized in fiscal 2019 as it relates to reimbursement of costs already incurred, with the remaining $2.5 million recognized in the nine months ended March 31, 2020. The Company recorded an additional $0.4 million of proceeds during the nine months ended March 31, 2020.

Accounting Review and Remediation Costs, Net of Insurance Proceeds

Costs and expenses associated with the internal accounting review, remediation and other related matters were $4.3 million for the nine months ended March 31, 2019. No such costs were incurred in the nine months ended March 31, 2020.

Long-lived Asset and Intangibles Impairment

During the nine months ended March 31, 2020, the Company recorded a pre-tax impairment charge of $4.0 million related to certain tradenames within the Company's North America segment and $5.5 million related to certain tradenames within the Company's International segment. Additionally, during the nine months ended March 31, 2020, the Company recorded a $5.9 million non-cash impairment charge primarily related to a write-down of certain machinery and equipment in the United States and Europe used to manufacture certain slow moving or low margin SKUs. During the nine months ended March 31, 2019, the Company recorded a pre-tax impairment charge of $17.9 million related to certain tradenames ($15.1 million related to the

North America segment and $2.8 million related to the International segment). See Note 9, *Goodwill and Other Intangible Assets*, in the Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q. Additionally, the Company recorded $5.3 million of non-cash impairment charges primarily related to the Company's decision to consolidate manufacturing of certain fruit-based products in the United Kingdom.

Operating Income (Loss)

Operating income for the nine months ended March 31, 2020 was $30.8 million compared to an operating loss of $29.9 million in the prior year period. The increase in operating income resulted from the items described above.

Interest and Other Financing Expense, Net

Interest and other financing expense, net totaled $15.1 million for the nine months ended March 31, 2020, a decrease of $0.7 million, or 4.2%, from $15.7 million in the prior year period. The decrease resulted primarily from lower interest expense related to our revolving credit facility as a result of lower outstanding debt and lower variable interest rates, offset in part by a $0.9 million write-off of deferred financing costs due to the repayment of the Company's term loan. See Note 10, *Debt and Borrowings*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Other Expense, Net

Other expense, net, totaled $2.3 million for the nine months ended March 31, 2020, compared to $2.0 million in the prior year period. The increase was primarily attributable to the loss on sale of the Arrowhead and SunSpire businesses during the second quarter, partially offset by higher net unrealized foreign currency gains principally due to the effect of foreign currency movements on the remeasurement of foreign currency denominated loans and the gain on sale of the Europe's Best business.

Income (Loss) From Continuing Operations Before Income Taxes and Equity in Net Loss of Equity-Method Investees

Income before income taxes and equity in net loss of our equity-method investees for the nine months ended March 31, 2020 was $13.4 million compared to a loss of $47.6 million in the prior year period. The increase was due to the items discussed above.

Income Taxes

The provision for income taxes includes federal, foreign, state and local income taxes. Our income tax benefit from continuing operations was $9.8 million for the nine months ended March 31, 2020 compared to a benefit of $1.9 million in the prior year period.

The effective income tax rates from continuing operations was a benefit of 72.8% and a benefit of 4.0% for the nine months ended March 31, 2020 and March 31, 2019, respectively. The effective income tax rate from continuing operations for the period ended March 31, 2020 was impacted by provisions of the CARES Act. For an additional discussion on the impact of the CARES Act, see Note 11, *Income Taxes*, in the Notes to the Consolidated Financial statements included in item 1 of this Form 10-Q. The effective income tax rates from continuing operations for all periods were impacted by provisions in the Tax Act primarily related to Global Intangible Low Taxed Income and limitations on the deductibility of executive compensation. The effective income tax rates in each period were also impacted by the geographical mix of earnings.

Equity in Net Loss of Equity-Method Investees

Our equity in net loss from our equity-method investments for the nine months ended March 31, 2020 was $1.2 million compared to $0.4 million in the prior year period. See Note 14, *Investments*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Net Income (Loss) from Continuing Operations

Net income from continuing operations for the nine months ended March 31, 2020 was $21.9 million compared to net loss of $46.1 million in the prior year period. Net income per diluted share from continuing operations was $0.21 for the nine months ended March 31, 2020 compared to net loss per diluted share of $0.44 in the prior year period. The increase was attributable to the factors noted above.

Net Loss from Discontinued Operations, Net of Tax

Net loss from discontinued operations, net of tax, for the nine months ended March 31, 2020 was $105.6 million, or $1.01 per diluted share, compared to $123.7 million, or $1.19 per diluted share, in the prior year period.

Net loss from discontinued operations, net of tax, for the nine months ended March 31, 2020 included a reclassification of $95.1 million of cumulative translation losses from Accumulated comprehensive loss related to the Tilda business to discontinued operations. Net loss from discontinued operations, net of tax, for the nine months ended March 31, 2019 included asset impairment charges of $109.3 million associated with our former Hain Pure Protein business.

The income tax expense from discontinued operations was $11.8 million for the nine months ended March 31, 2020 and is impacted by $14.5 million of tax relating to the tax gain on the sale of the Tilda entities. The income tax benefit from discontinued operations of $48.8 million for the nine months ended March 31, 2019 includes the reversal of the $12.3 million deferred tax liability previously recorded related to Hain Pure Protein being classified as held for sale. In addition, the benefit is impacted by the tax effect of current period book losses as well as deferred tax benefit arising from asset impairment charges.

See Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for further discussion.

Net Loss

Net loss for the nine months ended March 31, 2020 was $83.6 million, or $0.80 per diluted share, compared to $169.8 million, or $1.63 per diluted share, in the prior year period. The decrease in net loss was attributable to the factors noted above.

Adjusted EBITDA

Our Adjusted EBITDA was $137.8 million and $115.7 million for the nine months ended March 31, 2020 and 2019, respectively, as a result of the factors discussed above and the adjustments described in the *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* presented following the discussion of our results of operations.

Segment Results

The following table provides a summary of net sales and operating income (loss) by reportable segment for the nine months ended March 31, 2020 and 2019:

(dollars in thousands)	North America	International	Corporate and Other	Consolidated
Net sales				
Nine months ended 3/31/20	$ 872,834	$ 669,323	$ —	$ 1,542,157
Nine months ended 3/31/19	911,086	688,215	—	1,599,301
$ change	$ (38,252)	$ (18,892)	n/a	$ (57,144)
% change	(4.2)%	(2.7)%	n/a	(3.6)%
Operating income (loss)				
Nine months ended 3/31/20	$ 64,067	$ 40,666	$ (73,952)	$ 30,781
Nine months ended 3/31/19	35,427	40,696	(105,975)	(29,852)
$ change	$ 28,640	$ (30)	$ 32,023	$ 60,633
% change	80.8 %	(0.1)%	30.2 %	203.1 %
Operating income (loss) margin				
Nine months ended 3/31/20	7.3 %	6.1 %	n/a	2.0 %
Nine months ended 3/31/19	3.9 %	5.9 %	n/a	(1.9)%

North America

Our net sales in the North America reportable segment for the nine months ended March 31, 2020 were $872.8 million, a decrease of $38.3 million, or 4.2%, from $911.1 million in the prior year period. The decrease in net sales was primarily driven by the strategic decision to no longer support certain lower margin SKUs in order to reduce complexity and increase gross margins, partially offset by increased overall demand for our products as a result of pantry loading in reaction to the COVID-19 pandemic during the third quarter of 2020. Operating income in North America for the nine months ended March 31, 2020 was $64.1 million, an increase of $28.6 million from $35.4 million in the prior year period. The increase in operating income was the result of increased gross profit in the United States driven by a favorable product mix, efficient trade spending and supply chain cost reductions in the United States as well as other productivity savings, offset in part by increased marketing and advertising expense and variable compensation.

International

Our net sales in the International reportable segment for the nine months ended March 31, 2020 were $669.3 million, a decrease of $18.9 million, or 2.7%, from $688.2 million in the prior year period. On a constant currency basis, net sales decreased 0.1% from the prior year primarily due to discontinued sales of unprofitable SKUs, partially offset by growth in our plant based food and beverage products. Operating income in our International reportable segment for the nine months ended March 31, 2020 was $40.7 million, essentially flat when compared to the prior year period. Excluding the impact of foreign currency movements of $1.1 million, operating income increased 2.9% for the nine months ended March 31, 2020, compared to the prior year period, due to increased gross profit driven by a favorable product mix and pantry loading in reaction to COVID-19 in Europe, partially offset by reductions in certain fruit-based products.

Corporate and Other

Our Corporate and Other category consists of expenses related to the Company's centralized administrative functions, which do not specifically relate to an operating segment. Such Corporate and Other expenses are comprised mainly of compensation and related expenses of certain of the Company's senior executive officers and other employees who perform duties related to our entire enterprise as well as expenses for certain professional fees, facilities, and other items which benefit the Company as a whole. Additionally, Productivity and transformation costs, tradename impairment charges, and proceeds from insurance claim included within Corporate and Other expenses were $26.1 million, $9.5 million, and $3.0 million, respectively, for the nine months ended March 31, 2020. Chief Executive Officer Succession Plan expense, net, Productivity and transformation costs and Accounting review and remediation costs, net of insurance proceeds included within Corporate and Other expenses were $30.2 million, $21.0 million and $4.3 million, respectively, for the nine months ended March 31, 2019.

Refer to Note 17, *Segment Information*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Liquidity and Capital Resources

We finance our operations and growth primarily with the cash flows we generate from our operations and from borrowings available to us under our Third Amended and Restated Credit Agreement (as amended, the "Amended Credit Agreement"). As of March 31, 2020, $628.1 million was available under the Amended Credit Agreement, and the Company was in compliance with all associated covenants.

Our cash and cash equivalents balance increased $10.5 million at March 31, 2020 to $41.5 million as compared to $31.0 million at June 30, 2019. Our working capital from continuing operations was $301.8 million at March 31, 2020, an increase of $61.5 million from $240.3 million at the end of fiscal 2019.

Liquidity is affected by many factors, some of which are based on normal ongoing operations of the Company's business and some of which arise from fluctuations related to global economics and markets. Our cash balances are held in the United States, United Kingdom, Canada, Europe and India. As of March 31, 2020, substantially all of the total cash balance from continuing operations was held outside of the United States due to debt repayments made towards our revolving credit facility at the end of the period by the United States operating segment. It is our current intent to indefinitely reinvest our foreign earnings outside the United States. However, we intend to further study changes enacted by the Tax Act, costs of repatriation and the current and future cash needs of foreign operations to determine whether there is an opportunity to repatriate foreign cash balances in the future on a tax-efficient basis.

We maintain our cash and cash equivalents primarily in money market funds or their equivalent. As of March 31, 2020, all of our investments were expected to mature in less than three months. Accordingly, we do not believe that our investments have significant exposure to interest rate risk. Cash provided by (used in) operating, investing and financing activities is summarized below.

	Nine Months Ended March 31,		Change in	
(amounts in thousands)	**2020**	**2019**	**Dollars**	**Percentage**
Cash flows provided by (used in):				
Operating activities from continuing operations	$ 64,092	$ 18,331	$ 45,761	249.6%
Investing activities from continuing operations	(32,533)	(51,210)	18,677	36.5%
Financing activities from continuing operations	(18,917)	3,384	(22,301)	(659.0)%
Effect of exchange rate changes on cash from continuing operations	(2,110)	(774)	(1,336)	(172.6)%
Increase (decrease) in cash from continuing operations	10,532	(30,269)	40,801	134.8%
Decrease in cash from discontinued operations	(8,509)	(17,057)	8,548	50.1%
Net increase (decrease) in cash and cash equivalents and restricted cash	$ 2,023	$ (47,326)	$ 49,349	104.3%

Cash provided by operating activities from continuing operations was $64.1 million for the nine months ended March 31, 2020, an increase of $45.8 million from the prior year period. This increase resulted primarily from an improvement of $51.1 million in net income adjusted for non-cash charges and a decrease of $5.4 million of cash used in working capital accounts.

Cash used in investing activities from continuing operations was $32.5 million for the nine months ended March 31, 2020, a decrease of $18.7 million from $51.2 million in the prior year period primarily due to proceeds of $15.1 million from brand divestitures and decreased capital expenditures.

Cash used in financing activities from continuing operations was $18.9 million for the nine months ended March 31, 2020, a decrease of $22.3 million from cash provided by of $3.4 million in the prior year period. Cash used in financing activities from continuing operations for the nine months ended March 31, 2019 included $263.8 million of net repayments of our term loan and revolving credit facility funded primarily through proceeds received from the sale of Tilda and $57.4 million of share repurchases, offset in part by $305.2 million primarily related to the proceeds from the sale of Tilda.

Operating Free Cash Flow from Continuing Operations

Our operating free cash flow from continuing operations was $17.1 million for the nine months ended March 31, 2020, an improvement of $53.9 million from negative $36.7 million in the nine months ended March 31, 2019. This improvement resulted primarily from an improvement of $51.1 million in net income adjusted for non-cash charges, a decrease of $5.4 million of cash used in working capital accounts and a decrease of $8.1 million in capital expenditures. See the *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* following the discussion of our results of operations for definitions and a reconciliation from our net cash provided by operating activities from continuing operations to operating free cash flow from continuing operations.

Share Repurchase Program

On June 21, 2017, the Company’s Board of Directors authorized the repurchase of up to $250 million of the Company’s issued and outstanding common stock. Repurchases may be made from time to time in the open market, pursuant to pre-set trading plans, in private transactions or otherwise. The authorization does not have a stated expiration date. The extent to which the Company repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations. During the three and nine months ended March 31, 2020, the Company repurchased 2,439 shares under the program for a total of $57.4 million, excluding commissions, at an average price of $23.52 per share. As of March 31, 2020, the Company had $192.6 million of remaining authorization under the share repurchase program.

Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures

We have included in this report measures of financial performance that are not defined by U.S. GAAP. We believe that these measures provide useful information to investors and include these measures in other communications to investors.

For each of these non-U.S. GAAP financial measures, we are providing below a reconciliation of the differences between the non-U.S. GAAP measure and the most directly comparable U.S. GAAP measure, an explanation of why our management and Board of Directors believe the non-U.S. GAAP measure provides useful information to investors and any additional purposes for which our management and Board of Directors use the non-U.S. GAAP measures. These non-U.S. GAAP measures should be viewed in addition to, and not in lieu of, the comparable U.S. GAAP measures.

Constant Currency Presentation

We believe that this measure provides useful information to investors because it provides transparency to underlying performance in our consolidated net sales by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given the volatility in foreign currency exchange markets. To present this information for historical periods, current period net sales for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average monthly exchange rates in effect during the corresponding period of the prior fiscal year, rather than at the actual average monthly exchange rate in effect during the current period of the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

A reconciliation between reported and constant currency net sales increase (decrease) is as follows:

(amounts in thousands)	North America	International	Hain Consolidated
Net sales - Three months ended 3/31/20	$ 320,440	$ 232,857	$ 553,297
Impact of foreign currency exchange	477	5,095	5,572
Net sales on a constant currency basis - Three months ended 3/31/20	$ 320,917	$ 237,952	$ 558,869
Net sales - Three months ended 3/31/19	$ 314,321	$ 232,936	$ 547,257
Net sales growth on a constant currency basis	2.1 %	2.2 %	2.1 %
Net sales - Nine months ended 3/31/20	$ 872,834	$ 669,323	$ 1,542,157
Impact of foreign currency exchange	764	18,515	19,279
Net sales on a constant currency basis - Nine months ended 3/31/20	$ 873,598	$ 687,838	$ 1,561,436
Net sales - Nine months ended 3/31/19	$ 911,086	$ 688,215	$ 1,599,301
Net sales decline on a constant currency basis	(4.1)%	(0.1)%	(2.4)%

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) before income taxes, net interest expense, depreciation and amortization, impairment of long-lived and intangible assets, equity in net loss of equity-method investees, stock-based compensation, net, stock-based compensation in connection with the Company's former CEO Succession Plan, productivity and transformation costs, SKU rationalization and certain inventory writedowns, unrealized currency gains and losses, and other adjustments. The Company’s management believes that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses this measure for reviewing the financial results of the Company and as a component of performance-based executive compensation. Adjusted EBITDA is a non-U.S. GAAP measure and may not be comparable to similarly titled measures reported by other companies.

We do not consider Adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with U.S. GAAP. The principal limitation of Adjusted EBITDA is that it excludes certain expenses and income that are required by U.S. GAAP to be recorded in our consolidated financial statements. In addition, Adjusted EBITDA is subject to inherent limitations as this metric reflects the exercise of judgment by management about which expenses and income are excluded or included in determining Adjusted EBITDA. In order to compensate for these limitations, management presents Adjusted EBITDA in connection with U.S. GAAP results.

A reconciliation of net income (loss) to Adjusted EBITDA is as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
(amounts in thousands)	2020	2019	2020	2019
Net income (loss)	$ 24,339	$ (65,837)	$ (83,646)	$ (169,763)
Net loss from discontinued operations	(697)	(74,620)	(105,581)	(123,672)
Net income (loss) from continuing operations	25,036	8,783	21,935	(46,091)
(Benefit) provision for income taxes	(10,242)	2,943	(9,753)	(1,926)
Interest expense, net	3,332	5,278	11,884	13,966
Depreciation and amortization	12,927	12,483	40,069	37,548
Equity in net loss of equity-method investees	564	205	1,219	391
Stock-based compensation, net	3,761	3,927	9,581	5,489
Stock-based compensation expense in connection with Chief Executive Officer Succession Agreement	—	—	—	429
Long-lived asset and intangibles impairment	13,525	—	15,414	23,709
Unrealized currency (gains) losses	(1,011)	1,522	188	2,551
Productivity and transformation costs	10,967	9,259	37,402	29,464
Chief Executive Officer Succession Plan expense, net	—	455	—	29,727
Proceeds from insurance claim	(400)	—	(2,962)	—
Accounting review and remediation costs, net of insurance proceeds	—	—	—	4,334
Warehouse/manufacturing facility start-up costs	537	3,222	3,055	9,529
Loss on sale of business	332	—	2,115	—
SKU rationalization and inventory writedown	1,362	505	5,278	2,035
Plant closure related costs	—	184	2,354	3,502
Litigation and related expenses	—	371	48	1,062
Adjusted EBITDA	$ 60,690	$ 49,137	$ 137,827	$ 115,719

Operating Free Cash Flow from Continuing Operations

In our internal evaluations, we use the non-U.S. GAAP financial measure “Operating Free Cash Flow from continuing operations.” The difference between operating free cash flow from continuing operations and cash flow provided by or used in operating activities from continuing operations, which is the most comparable U.S. GAAP financial measure, is that Operating Free Cash Flow from continuing operations reflects the impact of capital expenditures. Since capital spending is essential to maintaining our operational capabilities, we believe that it is a recurring and necessary use of cash. As such, we believe investors should also consider capital spending when evaluating our cash provided by or used in operating activities. We view Operating Free Cash Flow from continuing operations as an important measure because it is one factor in evaluating the amount of cash available for discretionary investments. We do not consider Operating Free Cash Flow from continuing operations in isolation or as an alternative to financial measures determined in accordance with U.S. GAAP.

A reconciliation from Cash flow provided by operating activities from continuing operations to Operating Free Cash flow from continuing operations is as follows:

	Nine Months Ended March 31,	
(amounts in thousands)	2020	2019
Cash flow provided by operating activities - continuing operations	$ 64,092	$ 18,331
Purchases of property, plant and equipment	(46,961)	(55,073)
Operating Free Cash Flow - continuing operations	$ 17,131	$ (36,742)

Off Balance Sheet Arrangements

At March 31, 2020, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K that have had, or are likely to have, a material current or future effect on our consolidated financial statements.

Critical Accounting Estimates

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States. The accounting principles we use require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and amounts of income and expenses during the reporting periods presented. We believe in the quality and reasonableness of our critical accounting policies; however, materially different amounts may be reported under different conditions or using assumptions different from those that we have applied. The accounting policies that have been identified as critical to our business operations and to understanding the results of our operations pertain to revenue recognition, trade promotions and sales incentives, valuation of accounts and chargebacks receivable, accounting for acquisitions, valuation of long-lived assets, goodwill and intangible assets, stock-based compensation, and valuation allowances for deferred tax assets. The application of each of these critical accounting policies and estimates is discussed in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on Form 10-K for the fiscal year ended June 30, 2019.

Recent Accounting Pronouncements

Refer to Note 2, *Basis of Presentation*, in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Seasonality

Certain of our product lines have seasonal fluctuations. Hot tea, baking products, hot cereal, hot-eating desserts and soup sales are stronger in colder months, while sales of snack foods, sunscreen and certain of our prepared food and personal care products are stronger in the warmer months. As such, our results of operations and our cash flows for any particular quarter are not indicative of the results we expect for the full year, and our historical seasonality may not be indicative of future quarterly results of operations. In recent years, net sales and diluted earnings per share in the first fiscal quarter have typically been the lowest of our four quarters.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in market risk from those addressed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2019 during the three and nine months ended March 31, 2020, other than the risk associated with COVID-19 described in Part II, Item 1A, *Risk Factors* of this Form 10-Q. See the information set forth in Part II, Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), with the assistance of other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Our disclosure controls and procedures are intended to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Based on this review, our CEO and CFO have concluded that the disclosure controls and procedures were effective as of March 31, 2020.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect every misstatement. An evaluation of effectiveness is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may decrease over time.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the three months ended March 31, 2020 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Securities Class Actions Filed in Federal Court

On August 17, 2016, three securities class action complaints were filed in the Eastern District of New York against the Company alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The three complaints are: (1) *Flora v. The Hain Celestial Group, Inc., et al.* (the “Flora Complaint”); (2) *Lynn v. The Hain Celestial Group, Inc., et al.* (the “Lynn Complaint”); and (3) *Spadola v. The Hain Celestial Group, Inc., et al.* (the “Spadola Complaint” and, together with the Flora and Lynn Complaints, the “Securities Complaints”). On June 5, 2017, the court issued an order for consolidation, appointment of Co-Lead Plaintiffs and approval of selection of co-lead counsel. Pursuant to this order, the Securities Complaints were consolidated under the caption *In re The Hain Celestial Group, Inc. Securities Litigation* (the “Consolidated Securities Action”), and Rosewood Funeral Home and Salamon Gimpel were appointed as Co-Lead Plaintiffs. On June 21, 2017, the Company received notice that plaintiff Spadola voluntarily dismissed his claims without prejudice to his ability to participate in the Consolidated Securities Action as an absent class member. The Co-Lead Plaintiffs in the Consolidated Securities Action filed a Consolidated Amended Complaint on August 4, 2017 and a Corrected Consolidated Amended Complaint on September 7, 2017 on behalf of a purported class consisting of all persons who purchased or otherwise acquired Hain Celestial securities between November 5, 2013 and February 10, 2017 (the “Amended Complaint”). The Amended Complaint named as defendants the Company and certain of its former officers (collectively, “Defendants”) and asserted violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on allegedly materially false or misleading statements and omissions in public statements, press releases and SEC filings regarding the Company’s business, prospects, financial results and internal controls. Defendants filed a motion to dismiss the Amended Complaint on October 3, 2017 which the Court granted on March 29, 2019, dismissing the case in its entirety, without prejudice to replead. Co-Lead Plaintiffs filed a Second Amended Consolidated Class Action Complaint on May 6, 2019 (the “Second Amended Complaint”). The Second Amended Complaint again named as defendants the Company and certain of its current and former officers and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 based on allegations similar to those in the Amended Complaint, including materially false or misleading statements and omissions in public statements, press releases and SEC filings regarding the Company’s business, prospects, financial results and internal controls. Defendants filed a motion to dismiss the Second Amended Complaint on June 20, 2019. Co-Lead Plaintiffs filed an opposition on August 5, 2019, and Defendants submitted a reply on September 3, 2019. On April 6, 2020, the Court granted Defendants' motion to dismiss the Second Amended Complaint in its entirety, with prejudice. Co-Lead Plaintiffs filed a notice of appeal on May 5, 2020 indicating their intent to appeal the Court’s decision dismissing the Second Amended Complaint to the United States Court of Appeals for the Second Circuit.

Stockholder Derivative Complaints Filed in State Court

On September 16, 2016, a stockholder derivative complaint, *Paperny v. Heyer, et al.* (the “Paperny Complaint”), was filed in New York State Supreme Court in Nassau County against the former Board of Directors and certain former officers of the Company alleging breach of fiduciary duty, unjust enrichment, lack of oversight and corporate waste. On December 2, 2016 and December 29, 2016, two additional stockholder derivative complaints were filed in New York State Supreme Court in Nassau County against the former Board of Directors and certain former officers under the captions *Scarola v. Simon* (the “Scarola Complaint”) and *Shakir v. Simon* (the “Shakir Complaint” and, together with the Paperny Complaint and the Scarola Complaint, the “Derivative Complaints”), respectively. Both the Scarola Complaint and the Shakir Complaint alleged breach of fiduciary duty, lack of oversight and unjust enrichment. On February 16, 2017, the parties for the Derivative Complaints entered into a stipulation consolidating the matters under the caption *In re The Hain Celestial Group* (the “Consolidated Derivative Action”) in New York State Supreme Court in Nassau County, ordering the Shakir Complaint as the operative complaint. On November 2, 2017, the parties agreed to stay the Consolidated Derivative Action. Co-Lead Plaintiffs requested leave to file an amended consolidated complaint, and on January 14, 2019, the Court partially lifted the stay, ordering Co-Lead Plaintiffs to file their amended complaint by March 7, 2019. Co-Lead Plaintiffs filed a Verified Amended Shareholder Derivative Complaint on March 7, 2019. The Court continued the stay pending a decision on Defendants’ motion to dismiss in the Consolidated Securities Action (referenced above). After the Court in the Consolidated Securities Action dismissed the Amended Complaint, the Court in the Consolidated Derivative Action ordered Co-Lead Plaintiffs to file a second amended complaint no later than July 8, 2019. Co-Lead Plaintiffs filed a Verified Second Amended Shareholder Derivative Complaint on July 8, 2019 (the “Second Amended Derivative Complaint”). Defendants moved to dismiss the Second Amended Derivative Complaint on August 7, 2019. Co-Lead Plaintiffs filed an opposition to Defendants’ motion to dismiss, and Defendants submitted a reply on September 20, 2019. This motion is fully briefed, and the parties await a decision.

Additional Stockholder Class Action and Derivative Complaints Filed in Federal Court

On April 19, 2017 and April 26, 2017, two class action and stockholder derivative complaints were filed in the Eastern District of New York against the former Board of Directors and certain former officers of the Company under the captions *Silva v. Simon, et al.* (the "Silva Complaint") and *Barnes v. Simon, et al.* (the "Barnes Complaint"), respectively. Both the Silva Complaint and the Barnes Complaint allege violation of securities law, breach of fiduciary duty, waste of corporate assets and unjust enrichment.

On May 23, 2017, an additional stockholder filed a complaint under seal in the Eastern District of New York against the former Board of Directors and certain former officers of the Company. The complaint alleged that the Company's former directors and certain former officers made materially false and misleading statements in press releases and SEC filings regarding the Company's business, prospects and financial results. The complaint also alleged that the Company violated its by-laws and Delaware law by failing to hold its 2016 Annual Stockholders Meeting and includes claims for breach of fiduciary duty, unjust enrichment and corporate waste. On August 9, 2017, the Court granted an order to unseal this case and reveal Gary Merenstein as the plaintiff (the "Merenstein Complaint").

On August 10, 2017, the court granted the parties' stipulation to consolidate the Barnes Complaint, the Silva Complaint and the Merenstein Complaint under the caption *In re The Hain Celestial Group, Inc. Stockholder Class and Derivative Litigation* (the "Consolidated Stockholder Class and Derivative Action") and to appoint Robbins Arroyo LLP and Scott+Scott as Co-Lead Counsel, with the Law Offices of Thomas G. Amon as Liaison Counsel for Plaintiffs. On September 14, 2017, a related complaint was filed under the caption *Oliver v. Berke, et al.* (the "Oliver Complaint"), and on October 6, 2017, the Oliver Complaint was consolidated with the Consolidated Stockholder Class and Derivative Action. The Plaintiffs filed their consolidated amended complaint under seal on October 26, 2017. On December 20, 2017, the parties agreed to stay Defendants' time to answer, move, or otherwise respond to the consolidated amended complaint through and including 30 days after a decision was rendered on the motion to dismiss the Amended Complaint in the Consolidated Securities Action, described above.

On March 29, 2019, the Court in the Consolidated Securities Action granted Defendants' motion, dismissing the Amended Complaint in its entirety, without prejudice to replead. Co-Lead Plaintiffs in the Consolidated Securities Action filed the Second Amended Complaint on May 6, 2019. The parties to the Consolidated Stockholder Class and Derivative Action agreed to continue the stay of Defendants' time to answer, move, or otherwise respond to the consolidated amended complaint through 30 days after a decision on Defendants' motion to dismiss the Second Amended Complaint in the Consolidated Securities Action.

On April 6, 2020, the Court granted Defendants' motion to dismiss the Second Amended Complaint in the Consolidated Securities Action, with prejudice. Pursuant to the terms of the stay, Defendants in the Consolidated Stockholder Class and Derivative Action had until May 6, 2020 to answer, move, or otherwise respond to the complaint in this matter. On April 28, 2020, the Court entered an order extending Defendants' time to respond to June 9, 2020.

Other

In addition to the litigation described above, the Company is and may be a defendant in lawsuits from time to time in the normal course of business. While the results of litigation and claims cannot be predicted with certainty, the Company believes the reasonably possible losses of such matters, individually and in the aggregate, are not material. Additionally, the Company believes the probable final outcome of such matters will not have a material adverse effect on the Company's consolidated results of operations, financial position, cash flows or liquidity.

Item 1A. Risk Factors

The below risk factor relating to the COVID-19 pandemic updates and supplements the risk factors disclosed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended June 30, 2019, filed with the SEC on August 29, 2019.

The COVID-19 pandemic creates near-term and longer-term challenges and uncertainty, and our business and operating results may be adversely affected if we do not manage our business effectively in response.

The COVID-19 pandemic and the measures being taken by governments, businesses and consumers to limit the spread of COVID-19 have led to significant operational challenges in our business and will result in broader and longer-term challenges and uncertainty that we will need to successfully manage, including but not limited to:

- ***Manufacturing and Supply Chain Challenges*** – We are facing, and will continue to face, significant operational challenges in manufacturing our products and making them available to customers and consumers as a result of the COVID-19 pandemic. The implementation of extra employee and consumer health and safety precautions has led to temporary disruptions at certain of our manufacturing facilities, and could lead to more prolonged disruptions or closures in the future. Additionally, shelter-in-place and social distancing behaviors, which are being mandated or encouraged by governments and practiced by businesses and individuals, create challenges for our workforce and our business. All of these health and safety precautions and individual shelter-in-place and social distancing behaviors also impact third parties on which we rely to make our products available to consumers, including our suppliers, contract manufacturers, distributors, logistics providers and other business partners, as well as the retailers that ultimately sell our products to consumers.
- ***Uncertain Future Consumer Demand Environment*** – While we have experienced a net increase in the overall demand for our products during the early phases of the COVID-19 pandemic, deteriorating economic and political conditions arising from the COVID-19 pandemic could adversely affect future demand for our products. Factors such as increased unemployment, decreases in disposable income and declines in consumer confidence could cause a decrease in demand for our overall product set, particularly higher priced products. Additionally, demand for certain of our product offerings, such as sun care products and the food service component of our European fruit business, has been adversely impacted by the COVID-19 pandemic and may continue to be adversely impacted due to changed consumer behavior and priorities.
- ***Increased Costs*** – We have incurred, and expect to continue to incur, additional costs to address the challenges created by the COVID-19 pandemic. These include additional costs associated with overtime pay, appropriately compensating employees for working under challenging conditions, hiring temporary contractors, temporary factory closures, implementing increased safety measures, and procuring ingredients and managing our supply chain during a global pandemic. Our operating results may be adversely affected if we fail to adequately manage these costs or if we experience significant unexpected costs in the future.
- ***Changed Business Environment and Priorities*** – The COVID-19 pandemic has resulted in dramatic changes to the environment in which we operate, and some aspects of the changed environment may continue into the foreseeable future. Additionally, with much of our focus centered on managing our business through the COVID-19 pandemic, we have made the decision to delay some important initiatives. These changes to the overall business environment include:
    - Productivity challenges as many of our employees work from home and all of our employees face risks and uncertainty while working during a global public health crisis;
    - Changes in the way our customers communicate with us and in customer priorities, as customers cancel in-person sales meetings and postpone product reset decisions;
    - Shifts in consumer shopping trends with an increased importance of e-commerce channels;
    - Cancellation of important internal and external conferences including our internal global sales conference and industry and customer trade shows;
    - Delays and uncertainty in obtaining product certifications and undergoing quality audits; and
    - Our decision to delay planned innovation and productivity initiatives.
- ***Financial Impact on Third Parties and Equity Investments*** – The economic fallout from the COVID-19 pandemic will impact third parties with which we conduct business, including our suppliers, contract manufacturers, distributors, logistics providers and other business partners. Deteriorating economic conditions could jeopardize the viability of some third parties and our business relationships with them and could cause us to incur losses or increased costs in our dealings with those third parties. Additionally, we have equity investments in businesses and joint ventures that have been materially impacted by the COVID-19 pandemic, and the value of those equity investments could become impaired or lost if those businesses are unable to stabilize their operations.

The ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control. If we are unable to successfully manage our business through the challenges and uncertainty created by the COVID-19 pandemic, our business and operating results could be materially adversely affected.

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

Issuer Purchases of Equity Securities

The table below sets forth information regarding repurchases by the Company of its common stock during the periods indicated.

Period	(a) Total number of shares purchased (1)	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans	(d) Maximum number of shares that may yet be purchased under the plans (in millions of dollars) (2)
January 1, 2020 - January 31, 2020	14,519	$ 24.96	—	$ 250.0
February 1, 2020 - February 29, 2020	5,057	26.02	—	$ 250.0
March 1, 2020 - March 31, 2020	2,439,677	23.52	2,438,518	$ 192.6
Total	2,459,253	$ 23.54		

(1) Includes shares surrendered for payment of employee payroll taxes due on shares issued under stock-based compensation plans and shares repurchased under share repurchase programs approved by the Board of Directors. See (2) below for further details.

(2) On June 21, 2017, the Company's Board of Directors authorized the repurchase of up to $250 million of the Company's issued and outstanding common stock. Repurchases may be made from time to time in the open market, pursuant to preset trading plans, in private transactions or otherwise. The authorization does not have a stated expiration date. During the three and nine months ended March 31, 2020, the Company repurchased 2,439 shares pursuant to the repurchase program for a total of $57.4 million, excluding commissions, at an average price of $23.52 per share. As of March 31, 2020, the Company had $192.6 million of remaining authorization under the share repurchase program.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Amendment No. 1 to the Company's Registration Statement on Form S-4 filed with the SEC on April 24, 2000).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2(b) of the Company's Current Report on Form 8-K filed with the SEC on November 26, 2014).
3.3	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on December 7, 2018).
4.1	Specimen of common stock certificate (incorporated by reference to Exhibit 4.1 of Amendment No. 1 to the Company's Registration Statement on Form S-4 filed with the SEC on April 24, 2000).
10.1	Form of Indemnification Agreement.
10.2	Separation Agreement, dated as of February 7, 2020, between the Company and Kevin McGahren.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1	Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

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

THE HAIN CELESTIAL GROUP, INC.
(Registrant)

Date: May 7, 2020	/s/ Mark L. Schiller
	Mark L. Schiller, **President and** **Chief Executive Officer**
Date: May 7, 2020	/s/ Javier H. Idrovo
	Javier H. Idrovo, **Executive Vice President and** **Chief Financial Officer** **(Principal Financial and Accounting Officer)**

INDEMNIFICATION AGREEMENT

This Indemnification Agreement is dated as of __________ (this "Agreement") and is between The Hain Celestial Group, Inc., a Delaware corporation (the "Company"), and [*Name of director/officer*] ("Indemnitee").

Background

The Company believes that in order to attract and retain highly competent persons to serve as directors or in other capacities, including as officers, it must provide such persons with adequate protection through indemnification against the risks of claims and actions against them arising out of their services to and activities on behalf of the Company.

The Company desires and has requested Indemnitee to serve as a [director] [officer] of the Company and, in order to induce the Indemnitee to serve as a [director] [officer] of the Company, the Company is willing to grant the Indemnitee the indemnification provided for herein. Indemnitee is willing to so serve on the basis that such indemnification be provided. The indemnification provided herein is a supplement to and in furtherance of any rights granted under the Company's Amended and Restated Certificate of Incorporation (as amended, the "Certificate of Incorporation") and Amended and Restated By-Laws (the "Bylaws") and shall not be deemed to be a substitute therefor nor to diminish or abrogate any rights of Indemnitee thereunder.

The parties by this Agreement desire to set forth their agreement regarding indemnification and the advancement of expenses.

In consideration of Indemnitee's service to the Company and the covenants and agreements set forth below, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Indemnification.

To the fullest extent permitted by the General Corporation Law of the State of Delaware (the "DGCL"):

(a) The Company shall indemnify Indemnitee if Indemnitee was or is made or is threatened to be made a party to, or is otherwise involved in, as a witness or otherwise, any threatened, pending or completed action, suit or proceeding (brought in the right of the Company or otherwise), whether civil, criminal, administrative or investigative and whether formal or informal, including appeals, by reason of the fact that Indemnitee is or was or has agreed to serve as a director, officer, employee or agent of the Company or, while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted in any such capacity.

(b) The indemnification provided by this Section 1 shall be from and against all loss and liability suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding, including any appeals.

Section 2. Advance Payment of Expenses. To the fullest extent permitted by the DGCL, expenses (including attorneys' fees) reasonably incurred by Indemnitee in appearing at, participating in or defending, or otherwise arising out of or related to, any action, suit or proceeding or in connection with an enforcement action as contemplated by Section 3(e) shall be paid by the Company in advance of the final disposition of such action, suit or proceeding within 30 days after receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time. Indemnitee hereby undertakes to repay any amounts advanced (without interest) to the extent that it is ultimately determined by final judicial decision from which there is no further right to appeal that Indemnitee is not entitled under this Agreement to be indemnified by the Company in respect thereof. No other form of undertaking shall be required of Indemnitee other than the execution of this Agreement. This Section 2 shall be subject to Section 3(b) and shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 6.

Section 3. Procedure for Indemnification; Notification and Defense of Claim.

(a) Promptly after receipt by Indemnitee of notice of the commencement of any action, suit or proceeding, Indemnitee shall, if a claim in respect thereof is to be made against the Company hereunder, notify the Company in writing of the commencement thereof. The failure to promptly notify the Company of the commencement of the action, suit or proceeding, or of Indemnitee's request for indemnification, will not relieve the Company from any liability that it may have to Indemnitee hereunder, except to the extent the Company is actually and materially prejudiced in its defense of such action, suit or proceeding as a result of such failure. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor including such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to enable the Company to determine whether and to what extent Indemnitee is entitled to indemnification.

(b) With respect to any action, suit or proceeding of which the Company is so notified as provided in this Agreement, the Company shall, subject to the last two sentences of this paragraph, be entitled to assume the defense of such action, suit or proceeding, with counsel reasonably acceptable to Indemnitee, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any subsequently-incurred fees of separate counsel engaged by Indemnitee with respect to the same action, suit or proceeding unless the employment of separate counsel by Indemnitee has been previously authorized in writing by the Company. Notwithstanding the foregoing, if Indemnitee, based on the advice of his or her counsel, shall have reasonably concluded (with written notice being given to the Company setting forth the basis for such conclusion) that, in the conduct of any such defense, there is or is reasonably likely to be a conflict of interest or position between the Company and Indemnitee with respect to a significant issue, then the Company will not be entitled, without the written consent of

Indemnitee, to assume such defense. In addition, the Company will not be entitled, without the written consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(c) To the fullest extent permitted by the DGCL, the Company's assumption of the defense of an action, suit or proceeding in accordance with paragraph 3(b) will constitute an irrevocable acknowledgement by the Company that any loss and liability suffered by Indemnitee and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement by or for the account of Indemnitee incurred in connection therewith are indemnifiable by the Company under Section 1 of this Agreement.

(d) The determination whether to grant Indemnitee's indemnification request shall be made promptly and in any event within 30 days following the Company's receipt of a request for indemnification in accordance with Section 3(a). If the Company determines that Indemnitee is entitled to such indemnification or, as contemplated by paragraph 3(c) the Company has acknowledged such entitlement, the Company will make payment to Indemnitee of the indemnifiable amount within such 30 day period. If the Company is not deemed to have so acknowledged such entitlement or the Company's determination of whether to grant Indemnitee's indemnification request shall not have been made within such 30 day period, the requisite determination of entitlement to indemnification shall, subject to Section 6, nonetheless be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under the DGCL.

(e) In the event that (i) the Company determines in accordance with this Section 3 that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company denies a request for indemnification, in whole or in part, or fails to respond or make a determination of entitlement to indemnification within 30 days following receipt of a request for indemnification as described above, (iii) payment of indemnification is not made within such 30 day period, (iv) advancement of expenses is not timely made in accordance with Section 2, or (v) the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication in any court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. Indemnitee's expenses (including attorneys' fees) reasonably incurred in connection with successfully establishing Indemnitee's right to indemnification or advancement of expenses, in whole or in part, in any such proceeding or otherwise shall also be indemnified by the Company to the fullest extent permitted by the DGCL.

(f) Indemnitee shall be presumed to be entitled to indemnification and advancement of expenses under this Agreement upon submission of a request therefor in accordance with Section 2 or Section 3 of this Agreement, as the case may be. The Company shall have the burden of proof in overcoming such presumption, and such presumption shall be used as a basis for a determination of entitlement to indemnification and advancement of expenses unless the Company overcomes such presumption by clear and convincing evidence.

Section 4. Insurance and Subrogation.

(a) The Company shall purchase and maintain a policy or policies of insurance with reputable insurance companies with A.M. Best ratings of “A” or better (or, if A.M. Best does not rate the insurance company, an equivalent rating by an equivalent licensed insurance rating organization or agency), providing Indemnitee with coverage for any liability asserted against, and incurred by, Indemnitee or on Indemnitee’s behalf by reason of the fact that Indemnitee is or was or has agreed to serve as a director, officer, employee or agent of the Company or, while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, fiduciary, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or arising out of Indemnitee’s status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability under the provisions of this Agreement. Such insurance policies shall have coverage terms and policy limits that are reasonable in scope and amount, as determined by the Company in its reasonable discretion. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of the coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if the Company otherwise determines in good faith that obtaining or maintaining such insurance is not in the best interests of the Company. At the time the Company receives from Indemnitee any notice of the commencement of an action, suit or proceeding, the Company shall give prompt notice of the commencement of such action, suit or proceeding to the insurers in accordance with the procedures set forth in the policy. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policy.

(b) In the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy. Indemnitee shall execute all papers required and take all reasonable action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights in accordance with the terms of such insurance policy. The Company shall pay or reimburse all expenses reasonably incurred by Indemnitee in connection with such subrogation.

(c) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (including, but not limited to, judgments, fines and amounts paid in settlement, and ERISA excise taxes or penalties) if and to the extent that Indemnitee has otherwise actually received such payment under this Agreement or any insurance policy, contract, agreement or otherwise.

Section 5. Certain Definitions. For purposes of this Agreement, the following definitions shall apply:

(a) The term “action, suit or proceeding” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed claim, action, suit, arbitration, alternative dispute mechanism or proceeding, whether civil, criminal, administrative or investigative.

(b) The term "by reason of the fact that Indemnitee is or was or has agreed to serve as a director, officer, employee or agent of the Company or, while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise" shall be broadly construed and shall include, without limitation, any actual or alleged act or omission to act.

(c) The term "expenses" shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, appeal bonds, other out-of-pocket costs and reasonable compensation for time spent by Indemnitee for which Indemnitee is not otherwise compensated by the Company or any third party), actually and reasonably incurred by Indemnitee in connection with either the investigation, defense or appeal of an action, suit or proceeding or establishing or enforcing a right to indemnification under this Agreement or otherwise incurred in connection with a claim that is indemnifiable hereunder.

(d) The term "judgments, fines and amounts paid in settlement" shall be broadly construed and shall include, without limitation, all direct and indirect payments of any type or nature whatsoever, as well as any penalties or excise taxes assessed on a person with respect to an employee benefit plan).

Section 6. Limitation on Indemnification. Notwithstanding any other provision herein to the contrary, the Company shall not be obligated pursuant to this Agreement:

(a) Claims Initiated by Indemnitee. Prior to a change in control, to indemnify or advance expenses to Indemnitee with respect to an action, suit or proceeding (or part thereof), however denominated, initiated by Indemnitee, except with respect to any compulsory counterclaim brought by Indemnitee or an action, suit or proceeding brought to establish or enforce a right to indemnification or advancement of expenses under this Agreement (which shall be governed by the provisions of Section 6(b) of this Agreement), unless such action, suit or proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Company.

(b) Action for Indemnification. To indemnify Indemnitee for any expenses incurred by Indemnitee with respect to any action, suit or proceeding instituted by Indemnitee to enforce or interpret this Agreement, unless Indemnitee is successful in such action, suit or proceeding in establishing Indemnitee's right, in whole or in part, to indemnification or advancement of expenses hereunder (in which case such indemnification or advancement shall be to the fullest extent permitted by the DGCL), or unless and to the extent that the court in such action, suit or proceeding shall determine that, despite Indemnitee's failure to establish his or her right to indemnification, Indemnitee is entitled to indemnification for such expenses; provided, however, that nothing in this Section 6(b) is intended to limit the Company's obligations with respect to the advancement of expenses to

Indemnitee in connection with any such action, suit or proceeding instituted by Indemnitee to enforce or interpret this Agreement, as provided in Section 2.

(c) Section 16(b) Matters. To indemnify Indemnitee on account of any suit in which judgment is rendered against Indemnitee for disgorgement of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended.

(d) Fraud or Willful Misconduct. To indemnify Indemnitee on account of conduct by Indemnitee where such conduct has been determined by a final (not interlocutory) judgment or other adjudication of a court or arbitration or administrative body of competent jurisdiction as to which there is no further right or option of appeal or the time within which an appeal must be filed has expired without such filing to have been knowingly fraudulent or constitute willful misconduct.

(e) Prohibited by Law. To indemnify Indemnitee in any circumstance where such indemnification has been determined by a final (not interlocutory) judgment or other adjudication of a court or arbitration or administrative body of competent jurisdiction as to which there is no further right or option of appeal or the time within which an appeal must be filed has expired without such filing to be prohibited by law.

Section 7. Change in Control.

(a) The Company agrees that if there is a change in control of the Company, then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnification and advancement of expenses under this Agreement, any other agreement or the Company’s Certificate of Incorporation or Bylaws now or hereafter in effect, the Company shall seek legal advice only from independent counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). In addition, upon written request by Indemnitee for indemnification pursuant to Section 3(a), a determination, if required by the DGCL, with respect to Indemnitee's entitlement thereto shall be made by such independent counsel in a written opinion to the Board of Directors of the Company, a copy of which shall be delivered to Indemnitee. The Company agrees to pay the reasonable fees of the independent counsel referred to above and to indemnify fully such counsel against any and all reasonable expenses (including attorney’s fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(b) The Company agrees that if there is a change in control of the Company, the Company shall maintain (or cause to be maintained) for the benefit of Indemnitee, the same policy or policies of insurance maintained in accordance with Section 4(a) of this Agreement immediately prior to such change in control (1) for a period of six years after the change in control or (2) through the termination of this Agreement in accordance with Section 15, whichever is earlier.

(c) For purposes of this Section 7, the following definitions shall apply:

(i) A “change in control” shall be deemed to occur when, after the date of this Agreement, there occurs any event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement. Notwithstanding the generality of the foregoing, a change in control shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following: (A) any person (as defined below) becomes the beneficial owner (as defined below), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities, (B) during any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board of Directors of the Company, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 7(c)(i)(A), 7(c)(i)(C) or 7(c)(i)(D) or a director whose initial nomination for, or assumption of office as, a member of the Board of Directors of the Company occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board of Directors of the Company) whose election by the Board of Directors of the Company or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board of Directors of the Company, (C) the effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity or (D) the approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

For purposes of Section 7(c)(i), the following terms shall have the following meanings:

(I) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(II) "person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that person shall exclude (a) the Company, (b) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (c) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(III) "beneficial owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that beneficial owner shall exclude any person otherwise becoming a beneficial owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(ii) The term "independent counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (A) the Company or Indemnitee in any matter material to either such party, or (B) any other party to the action, suit or proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "independent counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

Section 8. Certain Settlement Provisions. The Company shall have no obligation to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action, suit or proceeding without the Company's prior written consent. The Company shall not, without Indemnitee's prior written consent, settle any action, suit or proceeding in any manner that would attribute to Indemnitee any admission of liability or that would impose any fine or other obligation or restriction on Indemnitee (which such fine or other obligation would be borne by Indemnitee and not the Company). Neither the Company nor Indemnitee will unreasonably withhold its, his or her consent to any proposed settlement that requires its, his or her consent.

Section 9. Savings Clause. If any provision or provisions (or portion thereof) of this Agreement shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee if Indemnitee was or is made or is threatened to be made a party or is otherwise involved in any threatened, pending or completed action, suit or proceeding (brought in the right of the Company or otherwise), whether civil, criminal, administrative or investigative and whether formal or informal, including appeals, by reason of the fact that Indemnitee is or was or has agreed to serve as a director, officer, employee or agent of the Company, or while serving as a director or officer of the Company, is or was serving or has agreed to serve at the request of the Company as a director, officer, employee or agent (which, for purposes hereof, shall include a trustee, partner or manager or similar capacity) of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, from and against all loss and liability suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding, including any appeals, to the fullest extent permitted by any applicable portion of this Agreement that shall not have been invalidated.

Section 10. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for herein is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or in part, it is agreed that, in such event, the Company shall, to the fullest extent permitted by law, contribute to the payment of all of Indemnitee's loss and liability suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement reasonably incurred by or on behalf of Indemnitee in connection with any action, suit or proceeding, including any appeals, in an amount that is just and equitable in the circumstances; provided that, without limiting the generality of the foregoing, such contribution shall not be required where such holding by the court is due to any limitation on indemnification set forth in Section 4(c), 6 (other than clause (e)) or 8.

Section 11. **Form and Delivery of Communications.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) to the Company: (i) delivered by hand, upon receipt by the party to whom said notice or other communication shall have been directed, (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed or (iii) mailed by reputable overnight courier, one day after deposit with such courier and with written verification of receipt, and (b) to Indemnitee by email transmission. Notice to the Company shall be directed to The Hain Celestial Group, Inc., 1111 Marcus Avenue, Lake Success, New York 11042, Attention: General Counsel. Notice to Indemnitee shall be emailed to: [*insert email address*]. If any email address of Indemnitee shall change, Indemnitee shall provide prompt notice to the Company of an alternate email address.

Section 12. **Nonexclusivity.** The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, in any court in which a proceeding is brought, the Company's Certificate of Incorporation or Bylaws, other agreements or otherwise, and Indemnitee's rights hereunder shall inure to the benefit of the heirs, executors and administrators of Indemnitee. No amendment or alteration of the Company's Certificate of Incorporation or Bylaws or any other agreement shall adversely affect the rights provided to Indemnitee under this Agreement.

Section 13. **No Construction as Employment Agreement.** Nothing contained herein shall be construed as giving Indemnitee any right to be retained as a director of the Company or in the employ of the Company. For the avoidance of doubt, the indemnification and advancement of expenses provided under this Agreement shall continue as to Indemnitee even though he or she may have ceased to be a director, officer, employee or agent of the Company.

Section 14. **Interpretation of Agreement.** It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by the DGCL.

Section 15. **Duration of Agreement.** This Agreement shall continue until and terminate upon the later of: (a) the date that Indemnitee is no longer subject to any possible action, suit or proceeding in respect of which Indemnitee is granted rights of indemnification or advancement of expenses hereunder; or (b) the final termination of all pending actions, suits and proceedings in respect of which Indemnitee is granted rights of indemnification or advancement of expenses hereunder and of any actions, suits and proceedings commenced by Indemnitee to enforce or interpret this Agreement, as provided in Section 2. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. The Company shall use its reasonable best efforts to require and cause any successor, and any direct or indirect parent of any successor, whether direct or indirect by purchase, merger, consolidation or otherwise, to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession has taken place.

Section 16. Entire Agreement. This Agreement and the documents expressly referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are expressly superseded by this Agreement.

Section 17. Modification and Waiver. No supplement, modification, waiver or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. For the avoidance of doubt, this Agreement may not be terminated by the Company without Indemnitee's prior written consent.

Section 18. Successor and Assigns. All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of such Indemnitor, by written agreement in form and substance reasonably satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 19. Service of Process and Venue. The Company hereby irrevocably and unconditionally (a) agrees that any action or proceeding arising out of or in connection with this Agreement may brought in the Chancery Court of the State of Delaware (the "Delaware Court"), (b) consents to submit to the non-exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (c) consents to service of process at the Company's address set forth in Section 11 of this Agreement with the same legal force and validity as if served upon the Company personally within the State of Delaware, (d) waives any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (e) waives, and agrees not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware. If, notwithstanding the foregoing, a court of competent jurisdiction shall make a final determination that the provisions of the law of any state other than Delaware govern indemnification by the Company of Indemnitee, then the indemnification provided under this Agreement shall in all instances be enforceable to the fullest extent permitted under such law, notwithstanding any provision of this Agreement to the contrary.

Section 21. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument, notwithstanding that both parties are not signatories to the original or same counterpart.

Section 22. Headings and Section References. The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Section references are to this Agreement unless otherwise specified.

This Indemnification Agreement has been duly executed and delivered to be effective as of the date stated above.

THE HAIN CELESTIAL GROUP, INC.

By ______________________________________
Name:
Title:

INDEMNITEE:

____
Name:

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (the “Agreement”) is made and entered into this 7th day of February 2020 by and between The Hain Celestial Group, Inc. (“Hain” or the “Company”) and Kevin McGahren (“Employee”).

WHEREAS, Hain and Employee wish to amicably terminate Employee’s employment with Hain;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth therein, Hain and Employee agree as follows:

1. Termination of Employment

Employee’s last day of employment will be February 7, 2020 (the “Termination Date”), or such date as the Company and Employee may mutually agree in connection with the transition of Employee’s responsibilities. Employee and the Company may mutually agree to terminate Employee’s employment prior to the Termination Date; provided, however, that in the event of an earlier termination, Employee shall only be paid through the date of his/her termination and such date shall be the Termination Date for purposes of this Agreement.

2. Severance Payment by Hain

As consideration for signing and not revoking this Agreement and Employee’s complete compliance therewith, Hain shall provide Employee with a cash severance payment in the aggregate amount of $832,500, less applicable withholdings and deductions, payable over a period of 12 months starting from the Termination Date, in regular installments in accordance with the general payroll practices of the Company.

3. Benefits

Hain agrees to continue Employee’s medical, dental and vision coverage through February 29, 2020. Thereafter, Employee will be eligible to elect to continue medical, dental and vision plan coverage pursuant to the notice sent to Employee by the insurance provider in accordance with the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). If Employee properly and timely elects medical, dental and/or vision coverage pursuant to COBRA as coverage existed as of the Termination Date, Hain agrees to pay the cost of the premium for such elected coverage (subject to applicable taxes) for a period of 12 months (provided Employee executes this Agreement, and remains eligible for COBRA coverage continuation). Thereafter, Employee shall be entitled to elect to continue such COBRA coverage for the remainder of the COBRA period, at his/her own expense, in accordance with applicable law.

Employee's participation in all other benefits and incidents of employment (including, but not limited to, the accrual of vacation and paid time off, Life

Insurance, AD&D, Long Term Disability, 401(k), and the vesting of equity grants as applicable) cease on the Termination Date.

4. Payment of Salary

Except with respect to the severance payments and benefits provided by Sections 2 and 3 hereof and payment of Employee’s salary for the current pay period, Employee acknowledges and represents that, as of the date Employee signed this Agreement, Hain has paid all salary, wages, bonuses, accrued vacation, housing allowances, relocation costs, interest, stock, stock options, fees, commissions, and any and all other benefits and compensation due to him/her.

5. Release by Employee

Employee agrees that he/she would not be entitled to the consideration set forth in Sections 2 and 3 absent his/her execution and fulfillment of this Agreement. As a consequence of execution of this Agreement, Hain and its current and former officers, directors, employees, agents, investors, attorneys, creditors, counsel, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations and assigns and any other affiliated or related person or entity (the “Releasees”) have no outstanding obligations to Employee except as otherwise set forth in this Agreement. Employee, on his/her own behalf, and on behalf of his/her present and former heirs, family members, executors, creditors, agents, assigns and any other affiliated or related person or entity, hereby fully and forever releases Hain and the other Releasees from, and agrees not to sue concerning, any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess as of and including on the Effective Date of this Agreement, including, without limitation:

a. any and all claims relating to or arising from Employee's employment with Hain, or the termination of that employment;

b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of, shares of Company stock, including, but not limited to, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

c. any and all claims under the law of any jurisdiction, including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; *qui tam*;

whistleblower, battery; invasion of privacy; false imprisonment; and conversion;

d. any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Older Workers Benefit Protection Act; the Family and Medical Leave Act; the Fair Credit Reporting Act; the New York State Executive Law (including its Human Rights Law); the New York City Administrative Code (including its Human Rights Law); the New York State Labor Law; the New York wage, wage payment, wage theft and wage–hour laws; the Sarbanes-Oxley Act;

e. any and all claims for violation of the federal, or any state, constitution;

f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

g. any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

h. any and all claims for attorneys' fees and costs.

Hain and Employee agree that the release set forth in this Section shall be and remain in effect in all respects as a complete general release as to the matters released for all time. Employee agrees and understands that, except as otherwise provided in this agreement, this Agreement provides a full and final general release covering all known and unknown and anticipated and unanticipated injuries, debts, or damages which may have arisen, or which may arise, connected with all matters from the beginning of time to the date of this Agreement, as well as those injuries, debts, claims or damages now known or disclosed which may have arisen, or which may arise, from Employee's employment with or separation from Hain on the Termination Date, except as otherwise provided in this agreement.

This Agreement does not release or waive claims (a) to enforce this Agreement or otherwise arising after the date of this Agreement; (b) regarding vested benefits under any 401(k); (c) under COBRA; (d) as a consumer of goods, products, or services of Hain or Releasees; and/or (e) claims for workers' compensation benefits or unemployment insurance benefits, but Employee acknowledges that he/she is not aware of any work-related condition or injury. Moreover, Employee and Hain acknowledge that this Agreement does not limit either party's right, where applicable, to file or participate in an investigative proceeding of any federal, state or local governmental agency ("Governmental Agency"), but waives the right to any personal remedy, to the maximum extent permitted by law, for claims that are released under Section 7(a)-(h), except that this Agreement does not limit Employee’s right to receive an award for information provided to any Governmental Agency.

6. Acknowledgement of Waiver of Claims Under ADEA

Employee acknowledges that he/she is waiving and releasing any rights he/she may have under the Age Discrimination in Employment Act of 1967 (“ADEA”) and that this waiver and release is knowing and voluntary. Employee and Hain agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he/she has been advised by this writing that:

a. he/she should consult with an attorney prior to executing this Agreement;

b. he/she has up to twenty-one (21) days within which to consider this Agreement;

c. he/she has seven (7) days following his/her execution of this Agreement to revoke this Agreement;

d. this Agreement shall not be effective until the revocation period has expired; and

e. nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law. However, if the release of ADEA claims or any other claim is set aside or limited, all monies paid hereunder shall be set-off against any relief or recovery.

7. No Admission of Liability

Neither this Agreement, nor anything contained herein, shall be construed as an admission by the Company that it has in any respect violated or abridged any Federal, State, or local law or any right or obligation that it may owe or may have owed to Employee. No final findings or final judgments have been made and Employee does not purport and will not claim to be a prevailing party, to any degree or extent, nor will this Agreement or its terms be admissible in any proceeding other than in a proceeding for breach of the terms contained herein.

8. Ongoing Cooperation and Support by Employee

To the maximum extent permitted by law, Employee shall assist Hain in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against Hain or any of the Releasees without additional compensation, provided, however that Hain will reimburse Employee for reasonable out-of-pocket and travel-related expenses incurred with providing such assistance. Hain will endeavor to ensure that such assistance does not conflict with or interfere in Employee’s future employment or engagements, will not be unduly burdensome, and will be scheduled at mutually agreeable times in light of Employee’s personal and business commitments. Employee and Hain acknowledge this Section does not limit the right, where applicable, to file or participate in an investigative proceeding of any federal, state or local governmental agency without requiring notice to Hain or any of the Releasees; Employee nevertheless understands that because of the waiver and general release Employee freely provides by signing this Agreement, Employee cannot obtain any monetary relief or recovery in any such proceeding to the extent permitted by law, except that this Agreement does not limit Employee’s right to receive an award for information provided to any Governmental Agency, as set forth below in Section 10.

9. Confidential and Proprietary Information of Hain

In accordance with the Confidentiality Agreement (as defined below) Employee understands and agrees that all books, records, documents and information, whether written or not, pertaining to Hain's business activities, are the confidential and proprietary property of Hain (hereinafter referred to as "trade secrets and confidential and proprietary information") and must be returned in full and without retention of copies. Employee warrants, covenants, and agrees that he/she will not disclose any of Hain's trade secrets and confidential and proprietary information to any person or entity not employed, owned by, or otherwise affiliated with Hain or use such information for his/her own benefit or the benefit of any person or entity not employed, owned by, or otherwise affiliated with Hain. Employee further agrees that he/she shall not be entitled to copies, in any form, of such trade secrets and confidential and proprietary information and he/she shall immediately return to Hain any copies of such information currently in his/her possession or control. Notwithstanding the foregoing, nothing in this Agreement shall be construed to limit Employee from disclosing Employee’s own wages or other employment terms as provided by law.

Notwithstanding anything herein to the contrary, this Agreement does not limit or interfere with Employee’s right, without notice to or authorization of the Company, to communicate and cooperate in good faith with any self-regulatory organization or U.S. federal, state, or local governmental or law enforcement branch, agency, commission, or entity (collectively, a “Government Entity”) for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Entity, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Entity, provided that in each case, such communications, participation, and disclosures are consistent with applicable law. Additionally, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Employee files a lawsuit for retaliation by an employer for reporting a suspected violation of law, Employee may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding, if Employee files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

10. Post-Employment Restrictive Covenants

Employee acknowledges that to the extent permissible by law, the Confidentiality, Non-Interference, and Invention Assignment Agreement (the ("Confidentiality Agreement"), dated June 21, 2019, which is annexed hereto as Exhibit A, which is designed to survive the termination of such agreement shall survive in full force and effect for the applicable periods contained therein, except as otherwise set forth herein.

11. Return of Physical Property by Employee

Employee acknowledges his/her immediate responsibility to fully and unconditionally return all tangible property of Hain to Hain on or before the Termination Date. Employee acknowledges that he/she will not alter or remove any Hain related data or documents from any electronic property of the Company and he/she will return all electronic property in full working order.

12. Nondisparagement

Employee agrees to refrain from any defamation, libel or slander of Hain or any of the Releasees to any person or entity including but not limited to Hain's past, present or future customers, employees, clients, contractors, vendors, or to the media or health and research professional community via any form of communication including written, oral, or electronic. Employee also agrees not to publish or make any disparaging remarks or statements related to Hain or any of the other Releasees in any forum, including the internet, any web site or blog. Further, Employee agrees to refrain from any tortious interference with Hain's or the Releasees' contracts and relationships.

If Hain's Human Resources representatives are contacted by any potential future employers of Employee for a reference, Hain's Human Resources representative shall provide Employee's dates of employment and last position at Hain.

13. Responsibility for Outplacement

Hain agrees to pay up to $3,000.00 of outplacement services directly to Right Management, Inc. Thereafter, Employee acknowledges that he/she shall accept full responsibility for all costs related to his/her own job search and will not look to Hain for any reimbursement of postage, printing, resume preparation, outplacement counseling or any other related expense.

14. No Consideration Absent Execution of this Agreement

Employee agrees and understands that the Company has no obligation to pay the monies and/or benefits in Sections 2 and 3 above unless Employee signs this Agreement and follows its terms.

15. Entire Agreement and Severability

The parties hereto agree that this Agreement may not be modified, altered or changed, except by a written agreement signed by the parties hereto. This Agreement, the Confidentiality Agreement dated March 25, 2019, by and between Hain and Employee, which is annexed hereto as Exhibit A, represent the entire agreement and understanding between Hain and Employee concerning the subject matter of this Agreement and Employee's relationship with Hain, and supersede and replace any and all prior agreements and understandings between the parties concerning the subject matter of this Agreement and Employee's relationship with Hain. If any term or provision of this Agreement or the application thereof to Employee or circumstance shall to any extent be invalid or unenforceable, such provision will be modified, rewritten or interpreted by the parties to include as much of its nature and scope as will render it enforceable. Otherwise, Hain shall be entitled to the return of the entire consideration under this Agreement.

16. Breach of Agreement

Employee acknowledges and agrees that any breach hereof constitutes a material breach of this Agreement and shall entitle the Company immediately to cease making any severance payments and benefits provided by Sections 2 and 3 and to recover any prior payments. In addition, should Employee violate any provision of this Agreement, the Company may apply for appropriate relief. In any proceeding to enforce the terms of this Agreement, the Agreement may be introduced under seal in order to maintain its confidentiality. Employee understands and agrees that the damage to the Company due to any such breach will be extremely difficult to determine. Because of this difficulty, Employee agrees that in the event of a finding of such breach, he/she will forfeit and return to Hain all amounts received pursuant to this Agreement. Notwithstanding any such relief, all of the other terms of this Agreement, including, without limitation, Employee’s release of claims, shall remain in full force and effect. The remedies provided for in this provision shall not be construed to be exclusive and do not bar any other claims for relief. In addition, Hain shall be entitled to recover its costs and fees, including reasonable attorneys’ fees, incurred in the successful enforcement of any such relief.

17. Resolution of Disputes

Any controversy or claim arising out of this Agreement, or the breach thereof, shall be decided by an appropriate state or federal court nearest to Hain’s corporate headquarters, and all such claims shall be adjudicated by a judge sitting without a jury.

18. Governing Law

This Agreement shall be governed by the laws of the State of New York, without regard for choice of law provisions.

19. Effective Date

This Agreement is effective after it has been signed by both parties and after eight (8) days have passed following the date Employee signed the Agreement (the "Effective Date"). Any revocation prior to the eighth day after Employee has signed this Agreement must be submitted, in writing, to Kristy Meringolo, Senior Vice President, General Counsel and state, "I hereby revoke my acceptance of our Separation Agreement and General Release." The revocation must be delivered to Kristy Meringolo and postmarked within seven (7) calendar days of execution of this Agreement.

20. Capability to Waive Claims

Employee is competent to affect a knowing and voluntary general and unlimited release of all claims and to enter into this Agreement. Employee is not affected or impaired in his/her ability voluntarily and knowingly to consider and to execute this Agreement, whether by illness, use of alcohol, drugs or other substances or conditions. Employee is not a party to any bankruptcy, lien, assignment, creditor-debtor or other proceeding which would impair the right to settle all claims against Hain or to waive all claims that Employee may have against Released Parties.

21. Voluntary Execution

Employee acknowledges that he/she has carefully read this Agreement and understands all of its terms including the general and final release of claims set forth above and covenant not to sue. Employee further acknowledges that he/she has voluntarily entered into this Agreement; that he/she has not relied upon any representation or statement, written or oral, not set forth in this Agreement; that the only consideration for signing this Agreement is as set forth herein; that the consideration received for executing this Agreement is greater than that to which he/she may otherwise be entitled; and that this document gives him/her the opportunity and encourages him/her to have this Agreement reviewed by his/her attorney and tax advisor.

EMPLOYEE HAS TWENTY-ONE (21) CALENDAR DAYS TO CONSIDER THIS AGREEMENT. EMPLOYEE ALSO IS ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO SIGNING THIS AGREEMENT.

EMPLOYEE MAY REVOKE THIS AGREEMENT DURING THE SEVEN (7) CALENDAR DAYS FOLLOWING THE DAY EMPLOYEE SIGNS THIS AGREEMENT. ANY REVOCATION WITHIN THIS PERIOD MUST BE SUBMITTED, IN WRITING, TO KRISTY MERINGOLO, SENIOR VICE PRESIDENT, GENERAL COUNSEL AND STATE, "I HEREBY REVOKE MY ACCEPTANCE OF OUR SEPARATION AGREEMENT AND GENERAL RELEASE." THE REVOCATION MUST BE

PERSONALLY DELIVERED TO KRISTY MERINGOLO OR HER DESIGNEE, OR MAILED TO KRISTY MERINGOLO AT THE HAIN CELESTIAL GROUP, INC., 1111 MARCUS AVENUE, LAKE SUCCESS, NEW YORK 11042 AND POSTMARKED WITHIN SEVEN (7) CALENDAR DAYS AFTER EMPLOYEE SIGNS THIS AGREEMENT.

EMPLOYEE AGREES THAT ANY MODIFICATIONS, MATERIAL OR OTHERWISE, MADE TO THIS AGREEMENT, DO NOT RESTART OR AFFECT IN ANY MANNER THE ORIGINAL TWENTY-ONE (21) CALENDAR DAY CONSIDERATION PERIOD.

EMPLOYEE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE CERTAIN CLAIMS AGAINST HAIN AND RELEASEES.

The parties knowingly and voluntarily sign this Agreement as of the date(s) set forth below:

THE HAIN CELESTIAL GROUP, INC.

/s/ Kevin McGahren
Employee

Date: 2/7/20

By: /s/ JoAnn A. Murray
JoAnn A. Murray
EVP & Chief HR Officer

Date: 2/7/20

EXHIBIT A

Confidentiality, Non-Interference, and Invention Assignment Agreement

[Omitted]

EXHIBIT 31.1

CERTIFICATION

I, Mark L. Schiller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Hain Celestial Group, Inc.;

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

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

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

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: May 7, 2020

/s/ Mark L. Schiller

Mark L. Schiller
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Javier H. Idrovo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Hain Celestial Group, Inc.;

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

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

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

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Dated: May 7, 2020

/s/ Javier H. Idrovo

Javier H. Idrovo
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

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

I, Mark L. Schiller, President and Chief Executive Officer of The Hain Celestial Group, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2020 (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 7, 2020

/s/ Mark L. Schiller

Mark L. Schiller
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.

EXHIBIT 32.2

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

I, Javier H. Idrovo, Executive Vice President and Chief Financial Officer of The Hain Celestial Group, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to my knowledge:

The Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 7, 2020

/s/ Javier H. Idrovo
Javier H. Idrovo
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff on request.