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 December 31, 2019

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 January 31, 2020, there were 104,384,620 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 December 31, 2019 (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, 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" 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
DECEMBER 31, 2019 AND JUNE 30, 2019
(In thousands, except par values)

	December 31, 2019	June 30, 2019
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 37,024	$ 31,017
Accounts receivable, less allowance for doubtful accounts of $558 and $588, respectively	206,583	209,990
Inventories	283,127	299,341
Prepaid expenses and other current assets	50,019	51,391
Current assets of discontinued operations	—	110,048
Total current assets	576,753	701,787
Property, plant and equipment, net	298,558	287,845
Goodwill	879,705	875,881
Trademarks and other intangible assets, net	378,796	380,286
Investments and joint ventures	18,990	18,890
Operating lease right of use assets	83,845	—
Other assets	48,298	58,764
Noncurrent assets of discontinued operations	—	259,167
Total assets	$ 2,284,945	$ 2,582,620
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 187,376	$ 219,957
Accrued expenses and other current liabilities	123,272	114,265
Current portion of long-term debt	1,387	17,232
Current liabilities of discontinued operations	—	31,703
Total current liabilities	312,035	383,157
Long-term debt, less current portion	324,864	613,537
Deferred income taxes	35,012	34,757
Operating lease liabilities, noncurrent portion	76,726	—
Other noncurrent liabilities	15,225	14,489
Noncurrent liabilities of discontinued operations	—	17,361
Total liabilities	763,862	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: 109,019 and 108,833 shares, respectively; outstanding:104,362 and 104,219 shares, respectively	1,091	1,088
Additional paid-in capital	1,164,618	1,158,257
Retained earnings	586,593	695,017
Accumulated other comprehensive loss	(120,197)	(225,004)
	1,632,105	1,629,358
Less: Treasury stock, at cost, 4,658 and 4,614 shares, respectively	(111,022)	(110,039)
Total stockholders' equity	1,521,083	1,519,319
Total liabilities and stockholders' equity	$ 2,284,945	$ 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 SIX MONTHS ENDED DECEMBER 31, 2019 AND 2018
(In thousands, except per share amounts)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	**2018**	**2019**	**2018**
Net sales	$ 506,784	$ 533,566	$ 988,860	$ 1,052,044
Cost of sales	401,177	432,215	785,422	861,785
Gross profit	105,607	101,351	203,438	190,259
Selling, general and administrative expenses	79,078	78,496	159,758	154,473
Amortization of acquired intangibles	3,189	3,322	6,272	6,681
Productivity and transformation costs	12,260	9,872	26,435	20,205
Chief Executive Officer Succession Plan expense, net	—	10,148	—	29,701
Proceeds from insurance claim	—	—	(2,562)	—
Accounting review and remediation costs, net of insurance proceeds	—	920	—	4,334
Long-lived asset and intangibles impairment	1,889	19,473	1,889	23,709
Operating income (loss)	9,191	(20,880)	11,646	(48,844)
Interest and other financing expense, net	4,737	5,428	11,031	9,742
Other expense, net	1,244	371	2,572	971
Income (loss) from continuing operations before income taxes and equity in net loss of equity-method investees	3,210	(26,679)	(1,957)	(59,557)
Provision (benefit) for income taxes	1,020	5,097	489	(4,869)
Equity in net loss of equity-method investees	338	11	655	186
Net income (loss) from continuing operations	$ 1,852	$ (31,787)	$ (3,101)	$ (54,874)
Net loss from discontinued operations, net of tax	(2,816)	(34,714)	(104,884)	(49,052)
Net loss	$ (964)	$ (66,501)	$ (107,985)	$ (103,926)
Net income (loss) per common share:				
Basic net income (loss) per common share from continuing operations	$ 0.02	$ (0.31)	$ (0.03)	$ (0.53)
Basic net loss per common share from discontinued operations	(0.03)	(0.33)	(1.01)	(0.47)
Basic net loss per common share	$ (0.01)	$ (0.64)	$ (1.04)	$ (1.00)
Diluted net income (loss) per common share from continuing operations	$ 0.02	$ (0.31)	$ (0.03)	$ (0.53)
Diluted net loss per common share from discontinued operations	(0.03)	(0.33)	(1.01)	(0.47)
Diluted net loss per common share	$ (0.01)	$ (0.64)	$ (1.04)	$ (1.00)
Shares used in the calculation of net income (loss) per common share:				
Basic	104,318	104,056	104,272	104,009
Diluted	104,619	104,056	104,272	104,009

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2019 AND 2018
(In thousands)

	Three Months Ended					
	December 31, 2019			December 31, 2018		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net loss			$ (964)			$ (66,501)
Other comprehensive income (loss):						
Foreign currency translation adjustments before reclassifications	$ 48,655	$ —	48,655	$ (27,948)	$ —	(27,948)
Change in deferred gains (losses) on cash flow hedging instruments	52	(10)	42	—	—	—
Total other comprehensive income (loss)	$ 48,707	$ (10)	$ 48,697	$ (27,948)	$ —	$ (27,948)
Total comprehensive income (loss)			$ 47,733			$ (94,449)

	Six Months Ended					
	December 31, 2019			December 31, 2018		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net loss			$ (107,985)			$ (103,926)
Other comprehensive income (loss):						
Foreign currency translation adjustments before reclassifications	$ 9,713	$ —	9,713	$ (41,467)	$ —	(41,467)
Reclassification of currency translation adjustment included in Net loss from discontinued operations, net of tax	95,120	—	95,120	—	—	—
Change in deferred losses on cash flow hedging instruments	(26)	—	(26)	—	—	—
Total other comprehensive income (loss)	$ 104,807	$ —	$ 104,807	$ (41,467)	$ —	$ (41,467)
Total comprehensive loss			$ (3,178)			$ (145,393)

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 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, 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

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2018
(In thousands, except par values)

	Common Stock		Additional	Retained	Treasury Stock		Accumulated Other	
	Shares	Amount at $.01	Paid-in Capital	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

See notes to consolidated financial statements.

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THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019 AND 2018
(In thousands)

	Six Months Ended December 31,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (107,985)	$ (103,926)
Net loss from discontinued operations	(104,884)	(49,052)
Net loss from continuing operations	(3,101)	(54,874)
Adjustments to reconcile net loss from continuing operations to net cash provided by (used in) operating activities from continuing operations:		
Depreciation and amortization	27,142	25,065
Deferred income taxes	(5,155)	(22,666)
Chief Executive Officer Succession Plan expense, net	—	29,272
Equity in net loss of equity-method investees	655	186
Stock-based compensation, net	5,820	1,991
Long-lived asset and intangibles impairment	1,889	23,709
Other non-cash items, net	2,661	1,285
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable	7,540	9,540
Inventories	9,389	(5,748)
Other current assets	1,895	(1,528)
Other assets and liabilities	(1,242)	4,594
Accounts payable and accrued expenses	(30,345)	(10,830)
Net cash provided by (used in) operating activities - continuing operations	17,148	(4)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(29,337)	(40,998)
Proceeds from sale of businesses and other	13,120	3,863
Net cash used in investing activities - continuing operations	(16,217)	(37,135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under bank revolving credit facility	147,000	150,000
Repayments under bank revolving credit facility	(245,500)	(137,646)
Repayments under term loan	(206,250)	(7,500)
Proceeds from discontinued operations entities	309,929	13,550
Repayments of other debt, net	(501)	(601)
Shares withheld for payment of employee payroll taxes	(984)	(2,922)
Net cash provided by financing activities - continuing operations	3,694	14,881
Effect of exchange rate changes on cash - continuing operations	1,382	(1,492)
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Cash used in operating activities	(5,687)	(2,859)
Cash provided by (used in) investing activities	301,815	(3,472)
Cash used in financing activities	(304,100)	(4,417)
Effect of exchange rate changes on cash - discontinued operations	(537)	(477)
Net cash flows used in discontinued operations	(8,509)	(11,225)
Net decrease in cash and cash equivalents and restricted cash	(2,502)	(34,975)
Cash and cash equivalents at beginning of period	39,526	113,018
Cash and cash equivalents and restricted cash at end of period	$ 37,024	$ 78,043
Less: cash and cash equivalents of discontinued operations	—	(17,098)
Cash and cash equivalents and restricted cash of continuing operations at end of period	$ 37,024	$ 60,945

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®, Casbah®, Celestial Seasonings®, Clarks™, Coconut Dream®, Cully & Sully®, Danival®, DeBoles®, Earth’s Best®, Ella’s Kitchen®, Europe’s Best®, 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®, Rudi’s Gluten-Free Bakery™, Rudi’s Organic Bakery®, 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 and its Arrowhead Mills® and SunSpire® brands in October 2019.

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 six months ended December 31, 2019 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 balance sheet. 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 interim and annual periods beginning after December 15, 2019. 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 interim and annual periods beginning after December 15, 2019. 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 interim and annual periods beginning after December 15, 2019. 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 $9,080 and $33,051 in the three and six months ended December 31, 2018. 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, of which $117 was recognized in the three months ended December 31, 2018. The aforementioned impacts were recorded in Chief Executive Officer Succession Plan expense, net in the Consolidated Statements of Operations.

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.

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 $650 was recognized in the Consolidated Statements of Operations as a component of "Chief Executive Officer Succession Plan expense, net" in the three and six months ended December 31, 2018.

4. EARNINGS (LOSS) PER SHARE

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Numerator:				
Net income (loss) from continuing operations	$ 1,852	$ (31,787)	$ (3,101)	$ (54,874)
Net loss from discontinued operations, net of tax	(2,816)	(34,714)	(104,884)	(49,052)
Net loss	$ (964)	$ (66,501)	$ (107,985)	$ (103,926)
Denominator:				
Basic weighted average shares outstanding	104,318	104,056	104,272	104,009
Effect of dilutive stock options, unvested restricted stock and unvested restricted share units	301	—	—	—
Diluted weighted average shares outstanding	104,619	104,056	104,272	104,009
Basic net income (loss) per common share:				
Continuing operations	$ 0.02	$ (0.31)	$ (0.03)	$ (0.53)
Discontinued operations	(0.03)	(0.33)	(1.01)	(0.47)
Basic net loss per common share	$ (0.01)	$ (0.64)	$ (1.04)	$ (1.00)
Diluted net income (loss) per common share:				
Continuing operations	$ 0.02	$ (0.31)	$ (0.03)	$ (0.53)
Discontinued operations	(0.03)	(0.33)	(1.01)	(0.47)
Diluted net loss per common share	$ (0.01)	$ (0.64)	$ (1.04)	$ (1.00)

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 losses in the six months ended December 31, 2019 and the three and six months ended December 31, 2018, 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 each period.

There were 485 and 498 restricted stock awards and stock options excluded from our calculation of diluted net income (loss) per share for the three months ended December 31, 2019 and 2018, respectively, as such awards were anti-dilutive. Additionally, there were 2,550 and 1,152 stock-based awards excluded for the three months ended December 31, 2019 and 2018, 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 689 and 464 restricted stock awards and stock options excluded from our calculation of diluted net loss per share for the six months ended December 31, 2019 and 2018, respectively, as such awards were anti-dilutive. Additionally, there were 2,745 and 710 stock-based awards excluded for the six months ended December 31, 2019 and 2018, 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. As of December 31, 2019, the Company had not repurchased any shares under this program and had $250,000 of remaining capacity 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 loss from discontinued operations, net of tax" in our Consolidated Statements of Operations:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Net sales	$ 2,667	$ 50,590	$ 30,399	$ 92,945
Cost of sales	2,496	37,668	26,648	69,337
Gross profit	171	12,922	3,751	23,608
Selling, general and administrative expense	246	6,892	5,185	13,172
Other expense	824	537	1,172	1,083
Interest expense(1)	—	3,391	2,432	6,782
Translation loss(2)	—	—	95,120	—
Loss (gain) on sale of discontinued operations	3,752	—	(10,170)	—
Net (loss) income from discontinued operations before income taxes	(4,651)	2,102	(89,988)	2,571
(Benefit) provision for income taxes(3)	(1,835)	(407)	13,865	76
Net (loss) income from discontinued operations, net of tax	$ (2,816)	$ 2,509	$ (103,853)	$ 2,495

(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 $(1,250) and $15,250 for the three and six months ended December 31, 2019, 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:

	June 30,
ASSETS	**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 December 31, 2019, 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 December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Net sales	$ —	$ 147,181	$ —	$ 260,720
Cost of sales	—	144,682	—	267,796
Gross profit (loss)	—	2,499	—	(7,076)
Selling, general and administrative expense	—	4,750	—	8,992
Asset impairments	—	54,946	—	57,904
Other expense	—	2,478	—	5,195
Loss on sale of discontinued operations(1)	—	—	1,424	—
Net loss from discontinued operations before income taxes	—	(59,675)	(1,424)	(79,167)
Benefit for income taxes	—	(22,452)	(393)	(27,620)
Net loss from discontinued operations, net of tax	$ —	$ (37,223)	$ (1,031)	$ (51,547)

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

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

6. INVENTORIES

Inventories consisted of the following:

	December 31, 2019	June 30, 2019
Finished goods	$ 192,587	$ 199,754
Raw materials, work-in-progress and packaging	90,540	99,587
	$ 283,127	$ 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 six months ended December 31, 2019 and the fiscal year ended June 30, 2019, the Company recorded inventory write-downs of $3,916 and $12,381, respectively, in connection with 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:

	December 31, 2019	June 30, 2019
Land	$ 14,323	$ 14,240
Buildings and improvements	84,883	83,151
Machinery and equipment	290,712	274,554
Computer hardware and software	59,889	48,984
Furniture and fixtures	19,074	17,325
Leasehold improvements	42,026	32,264
Construction in progress	14,345	35,786
	525,252	506,304
Less: accumulated depreciation and amortization	226,694	218,459
	$ 298,558	$ 287,845

Depreciation and amortization expense for the three months ended December 31, 2019 and 2018 was $8,024 and $6,757, respectively. Such expense for the six months ended December 31, 2019 and 2018 was $15,729 and $14,230, respectively.

In the six months ended December 31, 2018, 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. There were no impairment charges recorded during the six months ended December 31, 2019.

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 six months ended December 31, 2019 were as follows:

	Three Months Ended December 31, 2019	Six Months Ended December 31, 2019
Operating lease expenses	$ 4,800	$ 9,489
Finance lease expenses:		
Amortization of ROU assets	168	448
Interest on lease liabilities	20	41
Total finance lease expenses	188	489
Variable lease expenses	381	1,240
Short-term lease expenses	419	859
Total lease expenses	$ 5,788	$ 12,077

Supplemental balance sheet information related to leases was as follows:

Leases	Classification	December 31, 2019
Assets		
Operating lease ROU assets	Operating lease right of use assets	$ 83,845
Finance lease ROU assets, net	Property, plant and equipment, net	1,267
Total leased assets		$ 85,112
Liabilities		
Current		
Operating	Accrued expenses and other current liabilities	$ 13,567
Finance	Current portion of long-term debt	442
Non-current		
Operating	Operating lease liabilities, noncurrent portion	76,726
Finance	Long-term debt, less current portion	412
Total lease liabilities		$ 91,147

Additional information related to leases is as follows:

		Six Months Ended December 31, 2019
Supplemental cash flow information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	8,113
Operating cash flows from finance leases	$	12
Financing cash flows from finance leases	$	244
Right-of-use assets obtained in exchange for lease obligations [(a)]:		
Operating leases	$	92,640
Finance leases	$	1,131
Weighted average remaining lease term:		
Operating leases		8.6 years
Finance leases		2.4 years
Weighted average discount rate:		
Operating leases		2.7 %
Finance leases		3.1 %

[(a)] *Right-of-use 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 six months ended December 31, 2019.*

Maturities of lease liabilities as of December 31, 2019 were as follows:

Fiscal Year	**Operating leases**	**Finance leases**	**Total**
2020 (remainder of year)	$ 7,555	$ 238	$ 7,793
2021	15,258	369	15,627
2022	12,987	184	13,171
2023	11,994	54	12,048
2024	10,191	27	10,218
Thereafter	44,398	6	44,404
Total lease payments	102,383	878	103,261
Less: Imputed interest	12,090	24	12,114
Total lease liabilities	$ 90,293	$ 854	$ 91,147

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 December 31, 2019, 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	(4,357)	—	(4,357)
Translation and other adjustments, net	(32)	8,213	8,181
Balance as of December 31, 2019 [(a)]	$ 608,201	$ 271,504	$ 879,705

(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 $1,783 during the three and six months ended December 31, 2019. 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.

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:

	December 31, 2019	June 30, 2019
Non-amortized intangible assets:		
Trademarks and tradenames [(a)]	$ 293,362	$ 291,199
Amortized intangible assets:		
Other intangibles	209,568	204,630
Less: accumulated amortization	(124,134)	(115,543)
Net carrying amount	$ 378,796	$ 380,286

(a) The gross carrying value of trademarks and tradenames is reflected net of $85,623 and $83,734 of accumulated impairment charges as of December 31, 2019 and June 30, 2019, respectively.

During the three months ended December 31, 2019 and 2018, 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 months ended December 31, 2019, an impairment charge of $1,889 was recognized in the North America segment. During the three months ended December 31, 2018, an impairment charge of $17,900 was recognized ($15,113 in the North America segment and $2,787 in the International segment).

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 December 31,		Six Months Ended December 31,	
	2019	**2018**	**2019**	**2018**
Amortization of acquired intangibles	$ 3,189	$ 3,322	$ 6,272	$ 6,681

10. DEBT AND BORROWINGS

Debt and borrowings consisted of the following:

	December 31, 2019	June 30, 2019
Revolving credit facility	$ 321,700	$ 420,575
Term loan	—	206,250
Less: Unamortized issuance costs	—	(1,022)
Other borrowings	4,551	4,966
	326,251	630,769
Short-term borrowings and current portion of long-term debt	1,387	17,232
Long-term debt, less current portion	$ 324,864	$ 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 December 31, 2019, there were $321,700 of borrowings outstanding under the revolving credit facility and $9,698 letters of credit outstanding under the Credit Agreement. In the six months ended December 31, 2019, 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 December 31, 2019, $668,602 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 December 31, 2019 was 3.12%. 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 six months ended December 31, 2018 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.

The effective income tax rate from continuing operations was expense of 31.8% and 19.1% for the three months ended December 31, 2019 and 2018, respectively. The effective income tax rate from continuing operations was expense of 25.0% and a benefit of 8.2% for the six months ended December 31, 2019 and 2018, respectively. The effective income tax rates from continuing operations in 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 and state valuation allowance. During the three months ended December 31, 2018, the Company finalized its accounting for income tax effects of the Tax Act and recorded additional expense related to its transition tax liability.

The income tax from discontinued operations was a benefit of $1,835 and expense of $13,472 for the three and six months ended December 31, 2019, respectively, while the income tax benefit from discontinued operations was $22,859 and $27,544 for the three and six months ended December 31, 2018, respectively. The expense for income taxes for the six months ended December 31, 2019 was impacted by $15,250 of tax related to the tax gain on the sale of the Tilda Group Entities. The benefit from income taxes for the three and six months ended December 31, 2018 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 six 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

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Foreign currency translation adjustments:				
Other comprehensive income (loss) before reclassifications (1)	$ 48,655	$ (27,948)	$ 9,713	$ (41,467)
Amounts reclassified into income (2)	—	—	95,120	—
Deferred gains (losses) on cash flow hedging instruments:				
Amounts reclassified into income (3)	42	—	(26)	—
Net change in accumulated other comprehensive loss	$ 48,697	$ (27,948)	$ 104,807	$ (41,467)

(1) Foreign currency translation adjustments included intra-entity foreign currency transactions that were of a long-term investment nature and were net gains of $613 and net losses of $313 for the three months ended December 31, 2019 and 2018, respectively, and net losses of $250 and $472 for the six months ended December 31, 2019 and 2018, 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 $52 and $(26) in the three and six months ended December 31, 2019, respectively. There were no amounts reclassified into income in the three and six months ended December 31, 2018.

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 December 31, 2019, 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 December 31, 2018, 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 December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Selling, general and administrative expense	$ 3,083	$ 1,776	$ 5,820	$ 1,562
Chief Executive Officer Succession Plan expense, net	—	117	—	429
Discontinued operations	—	18	544	55
Total compensation cost recognized for stock-based compensation plans	$ 3,083	$ 1,911	$ 6,364	$ 2,046
Related income tax benefit	$ 297	$ 256	$ 670	$ 295

During the six months ended December 31, 2018, 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 six months ended December 31, 2018, 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 six months ended December 31, 2019 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	486	$ 18.43
Vested	(188)	$ 23.31
Forfeited	(1,094)	$ 7.89
Non-vested restricted stock, restricted share units, and performance units outstanding at December 31, 2019	1,933	$ 15.48

At December 31, 2019 and June 30, 2019, the table above includes a total of 1,318 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 December 31, 2019 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.

	Six Months Ended December 31,	
	2019	**2018**
Fair value of restricted stock and restricted share units granted	$ 8,963	$ 10,073
Fair value of shares vested	$ 4,276	$ 6,938
Tax (benefit) expense recognized from restricted shares vesting	$ (58)	$ 2,561

At December 31, 2019, there was $20,957 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 1.8 years.

Stock Options

A summary of the stock option activity for the six months ended December 31, 2019 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 December 31, 2019	122	$ 2.26	11.5	$ 2,890

At December 31, 2019, 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 December 31, 2019 and June 30, 2019, the carrying value of the Company's investment in Chop't was $14,287 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 December 31, 2019:

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents	$ 3,006	$ 3,006	$ —	$ —
Forward foreign currency contracts	374	—	374	—
Equity investment	652	652	—	—
Total	$ 4,032	$ 3,658	$ 374	$ —
Liabilities:				
Forward foreign currency contracts	$ 709	$ —	$ 709	$ —
Total	$ 709	$ —	$ 709	$ —

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 December 31, 2019 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 six months ended December 31, 2019 and December 31, 2018.

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 six months ended December 31, 2019 and December 31, 2018.

The notional amount of cash flow hedges at December 31, 2019 and June 30, 2019 was $10,095 and $2,275, respectively. The fair value of cash flow hedges at December 31, 2019 and June 30, 2019 was $102 of net liabilities and $83 of net assets, respectively.
The notional amounts of foreign currency exchange contracts not designated as hedges at December 31, 2019 and June 30, 2019 were $58,746 and $41,845, respectively. The fair values of foreign currency exchange contracts not designated as hedges at December 31, 2019 and June 30, 2019 were $233 of net liabilities and $440 of net assets, respectively.

Gains and losses related to both designated and 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 six months ended December 31, 2019 and December 31, 2018.

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 names 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. This motion is fully briefed, and the parties await a decision.

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 a 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. The stay is continued through 30 days after the Court rules on the motion to dismiss the Second Amended Complaint in the Consolidated Securities Action.

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 December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Net Sales:				
North America	$ 280,693	$ 305,574	$ 552,394	$ 596,765
International	226,091	227,992	436,466	455,279
	$ 506,784	$ 533,566	$ 988,860	$ 1,052,044
Operating Income (Loss):				
North America	$ 20,062	$ 9,563	$ 35,194	$ 14,069
International	12,899	15,153	22,006	20,813
	32,961	24,716	$ 57,200	$ 34,882
Corporate and Other [(a)]	(23,770)	(45,596)	(45,554)	(83,726)
	$ 9,191	$ (20,880)	$ 11,646	$ (48,844)

(a) In addition to general Corporate and Other expenses as described above, for the three months ended December 31, 2019, Corporate and Other includes $9,835 of Productivity and transformation costs and tradename impairment charges of $1,889 (related to North America). For the three months ended December 31, 2018, Corporate and Other includes $10,148 of Chief Executive Officer Succession Plan expense, net, $5,506 of Productivity and transformation costs, $920 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).

In addition to general Corporate and Other expenses as described above, for the six months ended December 31, 2019, Corporate and Other includes $20,570 of Productivity and transformation costs and tradename impairment charges of $1,889 (related to North America), partially offset by a benefit of $2,562 of proceeds from insurance claim. For the six months ended December 31, 2018, Corporate and Other includes $29,701 of Chief Executive Officer Succession Plan expense, net, $13,483 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 December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Grocery	$ 357,972	$ 380,497	$ 707,774	$ 763,094
Snacks	72,274	72,298	148,673	144,139
Tea	39,045	39,586	60,483	61,329
Personal Care	37,493	41,185	71,930	83,482
Total	$ 506,784	$ 533,566	$ 988,860	$ 1,052,044

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 December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
United States	$ 242,891	$ 270,925	$ 479,225	$ 525,867
United Kingdom	171,014	178,323	332,595	357,759
All Other	92,879	84,318	177,040	168,418
Total	$ 506,784	$ 533,566	$ 988,860	$ 1,052,044

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

	December 31, 2019	June 30, 2019
United States	$ 114,592	$ 115,866
United Kingdom	143,215	132,876
All Other	87,149	87,277
Total	$ 344,956	$ 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 December 31, 2019 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®, Casbah®, Celestial Seasonings®, Clarks™, Coconut Dream®, Cully & Sully®, Danival®, DeBoles®, Earth's Best®, Ella's Kitchen®, Europe's Best®, 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®, Rudi's Gluten-Free Bakery™, Rudi's Organic Bakery®, 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 and its Arrowhead Mills® and SunSpire® businesses in October 2019.

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 December 31, 2019 to Three Months Ended December 31, 2018

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 December 31, 2019 and 2018 (amounts in thousands, other than percentages, which may not add due to rounding):

	Three Months Ended				Change in	
	December 31, 2019		December 31, 2018		Dollars	Percentage
Net sales	$ 506,784	100.0%	$ 533,566	100.0%	$ (26,782)	(5.0)%
Cost of sales	401,177	79.2%	432,215	81.0%	(31,038)	(7.2)%
Gross profit	105,607	20.8%	101,351	19.0%	4,256	4.2%
Selling, general and administrative expenses	79,078	15.6%	78,496	14.7%	582	0.7%
Amortization of acquired intangibles	3,189	0.6%	3,322	0.6%	(133)	(4.0)%
Productivity and transformation costs	12,260	2.4%	9,872	1.9%	2,388	24.2%
Chief Executive Officer Succession Plan expense, net	—	—%	10,148	1.9%	(10,148)	*
Accounting review and remediation costs, net of insurance proceeds	—	—%	920	0.2%	(920)	*
Long-lived asset and intangibles impairment	1,889	0.4%	19,473	3.6%	(17,584)	*
Operating income (loss)	9,191	1.8%	(20,880)	(3.9)%	30,071	144.0%
Interest and other financing expense, net	4,737	0.9%	5,428	1.0%	(691)	(12.7)%
Other expense, net	1,244	0.2%	371	0.1%	873	235.3%
Income (loss) from continuing operations before income taxes and equity in net loss of equity-method investees	3,210	0.6%	(26,679)	(5.0)%	29,889	112.0%
Provision for income taxes	1,020	0.2%	5,097	1.0%	(4,077)	(80.0)%
Equity in net loss of equity-method investees	338	—%	11	—%	327	*
Net income (loss) from continuing operations	$ 1,852	0.4%	$ (31,787)	(6.0)%	$ 33,639	105.8%
Net loss from discontinued operations, net of tax	(2,816)	(0.6)%	(34,714)	(6.5)%	31,898	91.9%
Net loss	$ (964)	(0.2)%	$ (66,501)	(12.5)%	$ 65,537	98.6%
Adjusted EBITDA	$ 45,047	8.9%	$ 37,888	7.1%	$ 7,159	18.9%
Diluted net income (loss) per common share from continuing operations	$ 0.02		$ (0.31)		$ 0.33	106.5%
Diluted net loss per common share from discontinued operations	(0.03)		(0.33)		0.30	90.9%
Diluted net loss per common share	$ (0.01)		$ (0.64)		$ 0.63	98.4%

***** *Percentage is not meaningful*

Net Sales

Net sales for the three months ended December 31, 2019 were $506.8 million, a decrease of $26.8 million, or 5.0%, as compared to $533.6 million in the three months ended December 31, 2018. On a constant currency basis, net sales decreased approximately 4.6% from the prior year quarter. Net sales on a constant currency basis decreased in the North America reportable segment while the International reportable segment remained flat. Further details of changes in net sales by segment are provided below.

Gross Profit

Gross profit for the three months ended December 31, 2019 was $105.6 million, an increase of $4.3 million, or 4.2%, as compared to the prior year quarter. Gross profit margin was 20.8% of net sales, compared to 19.0% in the prior year quarter. The increased profit margin was primarily driven by efficient trade spending and supply chain cost reductions in the United States as well as other productivity savings.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $79.1 million for the three months ended December 31, 2019, an increase of $0.6 million, or 0.7%, from $78.5 million for the prior year quarter. The increase was due to increased marketing and advertising spend and variable compensation costs, including stock-based compensation expense, partially offset by a decrease in broker trade funds. Selling, general and administrative expenses as a percentage of net sales was 15.6% in the three months ended December 31, 2019 compared to 14.7% in the prior year quarter, reflecting an increase of 90 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 December 31, 2019, a decrease of $0.1 million from $3.3 million in the prior year quarter as a result of movements in foreign currency.

Productivity and Transformation Costs

Productivity and transformation costs were $12.3 million for the three months ended December 31, 2019, an increase of $2.4 million from $9.9 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 $10.1 million for the three months ended December 31, 2018. There were no comparable expenses in the three months ended December 31, 2019. 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.

Accounting Review and Remediation Costs, Net of Insurance Proceeds

Costs and expenses associated with the internal accounting review, remediation and other related matters were $0.9 million for the three months ended December 31, 2018. No such costs were incurred in the three months ended December 31, 2019.

Long-lived Asset and Intangibles Impairment

During the three months ended December 31, 2019, the Company recorded a pre-tax impairment charge of $1.9 million related to certain tradenames within the Company's North America segment. During the three months ended December 31, 2018, 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, in the three months ended December 31, 2018, the Company recorded $1.6 million of non-cash impairment charges primarily related to the write down of the value of certain machinery and equipment.

Operating Income (Loss)

Operating income for the three months ended December 31, 2019 was $9.2 million compared to an operating loss of $20.9 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 $4.7 million for the three months ended December 31, 2019, a decrease of $0.7 million, or 12.7%, from $5.4 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 Expense, Net

Other expense, net totaled $1.2 million for the three months ended December 31, 2019, compared to $0.4 million in the prior year quarter. The increase was primarily attributable to the loss on sale of the Arrowhead and Sunspire businesses.

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

Income (loss) before income taxes and equity in net loss of our equity-method investees for the three months ended December 31, 2019 was income of $3.2 million compared to a loss of $26.7 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 expense from continuing operations was $1.0 million for the three months ended December 31, 2019 compared to $5.1 million in the prior year quarter.

The effective income tax rate from continuing operations was expense of 31.8% and 19.1% for the three months ended December 31, 2019 and December 31, 2018, respectively. 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 and state valuation allowance. During the three months ended December 31, 2018, the Company finalized its accounting for income tax effects of the Tax Act and recorded additional expense related to its transition tax liability.

Our 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.

Equity in Net Loss of Equity-Method Investees

Our equity in net loss from our equity-method investments for the three months ended December 31, 2019 was $0.3 million and essentially break even 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 (Loss) from Continuing Operations

Net income from continuing operations for the three months ended December 31, 2019 was $1.9 million, or $0.02 per diluted share, compared to a net loss of $31.8 million, or $0.31 per diluted share, for the three months ended December 31, 2018. 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 three months ended December 31, 2019 was $2.8 million, or $0.03 per diluted share, compared to $34.7 million, or $0.33 per diluted share, in the three months ended December 31, 2018.

During the three months ended December 31, 2019, the Company recognized a $3.8 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 December 31, 2018 included asset impairment charges of $54.9 million associated with our former Hain Pure Protein business.

The income tax benefit from discontinued operations was $1.8 million for the three months ended December 31, 2019 associated with the tax gain on the sale of the Tilda entities and the tax effect of current period book losses. The income tax benefit from discontinued operations of $22.9 million for the three months ended December 31, 2018 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 three months ended December 31, 2019 was $1.0 million, or $0.01 per diluted share, compared to $66.5 million, or $0.64 per diuted share, in the prior year quarter. The reduction in net loss was attributable to the factors noted above.

Adjusted EBITDA

Our Adjusted EBITDA was $45.0 million and $37.9 million for the three months ended December 31, 2019 and 2018, 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 December 31, 2019 and 2018:

(dollars in thousands)	North America	International	Corporate and Other	Consolidated
Net sales				
Three months ended 12/31/19	$ 280,693	$ 226,091	$ —	$ 506,784
Three months ended 12/31/18	305,574	227,992	—	533,566
$ change	$ (24,881)	$ (1,901)	n/a	$ (26,782)
% change	(8.1)%	(0.8)%	n/a	(5.0)%
Operating income (loss)				
Three months ended 12/31/19	$ 20,062	$ 12,899	$ (23,770)	$ 9,191
Three months ended 12/31/18	9,563	15,153	(45,596)	(20,880)
$ change	$ 10,499	$ (2,254)	$ 21,826	$ 30,071
% change	109.8 %	(14.9)%	47.9 %	144.0 %
Operating income (loss) margin				
Three months ended 12/31/19	7.1 %	5.7 %	n/a	1.8 %
Three months ended 12/31/18	3.1 %	6.6 %	n/a	(3.9)%

North America

Our net sales in the North America reportable segment for the three months ended December 31, 2019 were $280.7 million, a decrease of $24.9 million, or 8.1%, from net sales of $305.6 million in the prior year quarter. 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. Operating income in North America for the three months ended December 31, 2019 was $20.1 million, an increase of $10.5 million from $9.6 million in the prior year quarter. The increase was driven by efficient trade spending and supply chain cost reductions in the United States as well as other productivity savings.

International

Our net sales in the International reportable segment for the three months ended December 31, 2019 were $226.1 million, a decrease of $1.9 million, or 0.8%, from $228.0 million in the prior year quarter. On a constant currency basis, net sales increased 0.1% from the prior year quarter primarily due to growth in our plant based food and beverage products, partially offset by discontinued sales of unprofitable SKUs. Operating income in our International reportable segment for the three months ended December 31, 2019 was $12.9 million, a decrease of $2.3 million from $15.2 million for the three months ended December 31, 2018. The decrease was primarily due to increased marketing and advertising expense and depreciation related to capital expenditures during the year ended June 30, 2019.

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 $9.8 million and $1.9 million, respectively, are included in Corporate and Other for the three months ended December 31, 2019. 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 $10.1 million, $5.5 million and $0.9 million, respectively, for the three months ended December 31, 2018.

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 Six Months Ended December 31, 2019 to Six Months Ended December 31, 2018

Consolidated Results

The following table compares our results of operations, including as a percentage of net sales, on a consolidated basis, for the six months ended December 31, 2019 and 2018 (amounts in thousands, other than percentages, which may not add due to rounding):

	Six Months Ended				Change in	
	December 31, 2019		December 31, 2018		Dollars	Percentage
Net sales	$ 988,860	100.0%	$ 1,052,044	100.0%	$ (63,184)	(6.0)%
Cost of sales	785,422	79.4%	861,785	81.9%	(76,363)	(8.9)%
Gross profit	203,438	20.6%	190,259	18.1%	13,179	6.9%
Selling, general and administrative expenses	159,758	16.2%	154,473	14.7%	5,285	3.4%
Amortization of acquired intangibles	6,272	0.6%	6,681	0.6%	(409)	(6.1)%
Productivity and transformation costs	26,435	2.7%	20,205	1.9%	6,230	30.8%
Chief Executive Officer Succession Plan expense, net	—	—%	29,701	2.8%	(29,701)	*
Proceeds from insurance claim	(2,562)	(0.3)%	—	—%	(2,562)	*
Accounting review and remediation costs, net of insurance proceeds	—	—%	4,334	0.4%	(4,334)	*
Long-lived asset and intangibles impairment	1,889	0.2%	23,709	2.3%	(21,820)	*
Operating income (loss)	11,646	1.2%	(48,844)	(4.6)%	60,490	123.8%
Interest and other financing expense, net	11,031	1.1%	9,742	0.9%	1,289	13.2%
Other expense, net	2,572	0.3%	971	0.1%	1,601	164.9%
Loss from continuing operations before income taxes and equity in net loss of equity-method investees	(1,957)	(0.2)%	(59,557)	(5.7)%	57,600	96.7%
Provision (benefit) for income taxes	489	—%	(4,869)	(0.5)%	5,358	110.0%
Equity in net loss of equity-method investees	655	—%	186	—%	469	252.2%
Net loss from continuing operations	$ (3,101)	(0.3)%	$ (54,874)	(5.2)%	$ 51,773	94.3%
Net loss from discontinued operations, net of tax	(104,884)	(10.6)%	(49,052)	(4.7)%	(55,832)	(113.8)%
Net loss	$ (107,985)	(10.9)%	$ (103,926)	(9.9)%	$ (4,059)	(3.9)%
Adjusted EBITDA	$ 77,137	7.8%	$ 66,583	6.3%	$ 10,554	15.9%
Diluted net income (loss) per common share from continuing operations	$ (0.03)		$ (0.53)		$ 0.50	94.3%
Diluted net loss per common share from discontinued operations	(1.01)		(0.47)		(0.54)	(114.9)%
Diluted net loss per common share	$ (1.04)		$ (1.00)		$ (0.04)	(4.0)%

***** *Percentage is not meaningful*

<u>Net Sales</u>

Net sales for the six months ended December 31, 2019 were $988.9 million, a decrease of $63.2 million, or 6.0%, from $1.05 billion for the six months ended December 31, 2018. On a constant currency basis, net sales decreased approximately 4.7% from the prior year period. Net sales on a constant currency basis decreased 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 six months ended December 31, 2019 was $203.4 million, an increase of $13.2 million, or 6.9%, as compared to the prior year period. Gross profit margin was 20.6% of net sales, compared to 18.1% in the prior year period. The increased profit margin was primarily driven by efficient trade spending and supply chain cost reductions in the United States as well as other productivity savings.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $159.8 million for the six months ended December 31, 2019, an increase of $5.3 million, or 3.4%, from $154.5 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. These increases were partially offset by a decrease in broker trade funds in the current year period. Selling, general and administrative expenses as a percentage of net sales was 16.2% in the six months ended December 31, 2019 compared to 14.7% in the prior year period, reflecting an increase of 150 basis points primarily attributable to the aforementioned items.

Amortization of Acquired Intangibles

Amortization of acquired intangibles was $6.3 million for the six months ended December 31, 2019, a decrease of $0.4 million from $6.7 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 December 31, 2018 and the impact of movements in foreign currency.

Productivity and Transformation Costs

Productivity and transformation costs were $26.4 million for the six months ended December 31, 2019, an increase of $6.2 million from $20.2 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 six months ended December 31, 2019 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 $29.7 million for the six months ended December 31, 2018. There were no comparable expenses in the six months ended December 31, 2019. 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. The Company recorded the additional $2.6 million in the six months ended December 31, 2019.

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 six months ended December 31, 2018. No such costs were incurred in the six months ended December 31, 2019.

Long-lived Asset and Intangibles Impairment

During the six months ended December 31, 2019, the Company recorded a pre-tax impairment charge of $1.9 million related to certain tradenames within the Company's North America segment. During the six months ended December 31, 2018, 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 six months ended December 31, 2019 was $11.6 million compared to an operating loss of $48.8 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 $11.0 million for the six months ended December 31, 2019, an increase of $1.3 million, or 13.2%, from $9.7 million in the prior year period. The increase resulted primarily from a $0.9 million write-off of deferred financing costs due to the repayment of the Company’s term loan and higher interest expense related to our revolving credit facility as a result of higher variable interest rates on outstanding debt. 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 $2.6 million for the six months ended December 31, 2019, compared to $1.0 million in the prior year period. The increase was primarily attributable to the loss on sale of the Arrowhead and Sunspire businesses.

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

Loss before income taxes and equity in net loss of our equity-method investees for the six months ended December 31, 2019 was $2.0 million compared to $59.6 million in the prior year period. The reduction in net loss 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 expense from continuing operations was $0.5 million for the six months ended December 31, 2019 compared to a benefit of $4.9 million in the prior year period.

The effective income tax rates from continuing operations was expense of 25.0% and a benefit of 8.2% for the six months ended December 31, 2019 and December 31, 2018, respectively. The effective income tax rate for both periods were impacted by provisions in the Tax Cuts and Jobs 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 and state valuation allowance. During the six months ended December 31, 2018, the Company finalized its accounting for income tax effects of the Tax Act and recorded additional expense related to its transition tax liability.

Our 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.

Equity in Net Loss of Equity-Method Investees

Our equity in net loss from our equity-method investments for the six months ended December 31, 2019 was $0.7 million compared to $0.2 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 Loss from Continuing Operations

Net loss from continuing operations for the six months ended December 31, 2019 was $3.1 million compared $54.9 million in the prior year period. Net loss per diluted share from continuing operations was $0.03 for the six months ended December 31, 2019 compared to $0.53 in the prior year period. The reduction in net loss 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 six months ended December 31, 2019 was $104.9 million, or $1.01 per diluted share, compared to $49.1 million, or $0.47 per diluted share, in the prior year period.

Net loss from discontinued operations, net of tax, for the six months ended December 31, 2019 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 six months ended December 31, 2018 included asset impairment charges of $57.9 million associated with our former Hain Pure Protein business.

The income tax expense from discontinued operations was $13.5 million for the six months ended December 31, 2019 and is impacted by $15.3 million of tax relating to the tax gain on the sale of the Tilda entities. The income tax benefit from discontinued operations of $27.5 million for the six months ended December 31, 2018 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 six months ended December 31, 2019 was $108.0 million, or $1.04 per diluted share, compared to $103.9 million, or $1.00 per diluted share, in the prior year period. The increase in net loss was attributable to the factors noted above.

Adjusted EBITDA

Our Adjusted EBITDA was $77.1 million and $66.6 million for the six months ended December 31, 2019 and 2018, 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 by reportable segment for the six months ended December 31, 2019 and 2018:

(dollars in thousands)	**North America**	**International**	**Corporate and Other**	**Consolidated**
Net sales				
Six months ended 12/31/19	$ 552,394	$ 436,466	$ —	$ 988,860
Six months ended 12/31/18	596,765	455,279	—	1,052,044
$ change	$ (44,371)	$ (18,813)	n/a	$ (63,184)
% change	(7.4)%	(4.1)%	n/a	(6.0)%
Operating income (loss)				
Six months ended 12/31/19	$ 35,194	$ 22,006	$ (45,554)	$ 11,646
Six months ended 12/31/18	14,069	20,813	(83,726)	(48,844)
$ change	$ 21,125	$ 1,193	$ 38,172	$ 60,490
% change	150.2 %	5.7 %	45.6 %	123.8 %
Operating income (loss) margin				
Six months ended 12/31/19	6.4 %	5.0 %	n/a	1.2 %
Six months ended 12/31/18	2.4 %	4.6 %	n/a	(4.6)%

North America

Our net sales in the North America reportable segment for the six months ended December 31, 2019 were $552.4 million, a decrease of $44.4 million, or 7.4%, from $596.8 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. Operating income in North America for the six months ended December 31, 2019 was $35.2 million, an increase of $21.1 million from $14.1 million in the prior year period. The increase in operating income was the result of increased gross profit in the United States driven by 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.

International

Our net sales in the International reportable segment for the six months ended December 31, 2019 were $436.5 million, a decrease of $18.8 million, or 4.1%, from $455.3 million in the prior year period. On a constant currency basis, net sales decreased 1.2% 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 six months ended December 31, 2019 was $22.0 million, an increase of $1.2 million from $20.8 million in the prior year period. Operating income for the six months ended December 31, 2018 was negatively impacted by a long-lived asset impairment of $4.3 million recognized during the period. Excluding the impairment, operating income for the six months ended December 31, 2019 decreased $3.1 million from the prior year period primarily due to increased marketing and advertising expense and depreciation related to capital expenditures during the year ended June 30, 2019.

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 $20.6 million and $1.9 million, respectively, are included in Corporate and Other for the six months ended December 31, 2019. 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 $29.7 million, $13.5 million and $4.3 million, respectively, for the six months ended December 31, 2018.

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 December 31, 2019, $668.6 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 $6.0 million at December 31, 2019 to $37.0 million as compared to $31.0 million at June 30, 2019. Our working capital from continuing operations was $264.7 million at December 31, 2019, an increase of $24.4 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 December 31, 2019, 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 Cuts and Jobs 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 December 31, 2019, 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.

	Six Months Ended December 31,		Change in	
(amounts in thousands)	**2019**	**2018**	**Dollars**	**Percentage**
Cash flows provided by (used in):				
Operating activities from continuing operations	$ 17,148	$ (4)	$ 17,152	*
Investing activities from continuing operations	(16,217)	(37,135)	20,918	56.3%
Financing activities from continuing operations	3,694	14,881	(11,187)	(75.2)%
Effect of exchange rate changes on cash from continuing operations	1,382	(1,492)	2,874	192.6%
Increase (decrease) in cash from continuing operations	6,007	(23,750)	29,757	125.3%
Decrease in cash from discontinued operations	(8,509)	(11,225)	2,716	24.2%
Net decrease in cash and cash equivalents and restricted cash	$ (2,502)	$ (34,975)	$ 32,473	92.8%

***** *Percentage is not meaningful*

Cash provided by operating activities from continuing operations was $17.1 million for the six months ended December 31, 2019, an increase of $17.2 million from the prior year period. This increase resulted primarily from an improvement of $25.9 million in net loss adjusted for non-cash charges and a decrease of $8.8 million of cash used in working capital accounts, primarily related to a decrease in Accounts payable and accrued expenses.

Cash used in investing activities from continuing operations was $16.2 million for the six months ended December 31, 2019, a decrease of $20.9 million from cash used of $37.1 million in the prior year period primarily due to proceeds of $13.8 million from the sale of the Arrowhead and Sunspire businesses and decreased capital expenditures.

Cash provided by financing activities from continuing operations was $3.7 million for the six months ended December 31, 2019, a decrease of $11.2 million from $14.9 million in the prior year period. Cash provided by financing activities from continuing operations for the six months ended December 31, 2018 included $309.9 million primarily related to the proceeds from the sale of Tilda, partially offset by $305.3 million of repayments of our term loan and revolving credit facility funded primarily through proceeds received from the sale of Tilda.

Operating Free Cash Flow from Continuing Operations

Our operating free cash flow from continuing operations was negative $12.2 million for the six months ended December 31, 2019, an improvement of $28.8 million from negative $41.0 million in the six months ended December 31, 2018. This improvement resulted primarily from an improvement of $25.9 million in net loss adjusted for non-cash charges, a decrease of $11.7 million in capital expenditures, and a decrease of $8.8 million of cash used in working capital accounts. We expect that our capital spending for fiscal 2020 will be approximately $60-$70 million, and we may incur additional costs in connection with ongoing productivity and transformation initiatives. 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 (used in) 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. As of December 31, 2019, the Company had not repurchased any shares under this program and had $250 million of remaining capacity 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 (decrease) increase is as follows:

(amounts in thousands)	North America	International	Hain Consolidated
Net sales - Three months ended 12/31/19	$ 280,693	$ 226,091	$ 506,784
Impact of foreign currency exchange	(69)	2,081	2,012
Net sales on a constant currency basis - Three months ended 12/31/19	$ 280,624	$ 228,172	$ 508,796
Net sales - Three months ended 12/31/18	$ 305,574	$ 227,992	$ 533,566
Net sales (decline) growth on a constant currency basis	(8.2)%	0.1 %	(4.6)%
Net sales - Six months ended 12/31/19	$ 552,394	$ 436,466	$ 988,860
Impact of foreign currency exchange	287	13,419	13,706
Net sales on a constant currency basis - Six months ended 12/31/19	$ 552,681	$ 449,885	$ 1,002,566
Net sales - Six months ended 12/31/18	$ 596,765	$ 455,279	$ 1,052,044
Net sales decline on a constant currency basis	(7.4)%	(1.2)%	(4.7)%

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 the earnings of equity-method investees, stock-based compensation, Productivity and transformation costs, 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 loss to Adjusted EBITDA is as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
(amounts in thousands)	2019	2018	2019	2018
Net loss	$ (964)	$ (66,501)	$ (107,985)	$ (103,926)
Net loss from discontinued operations	(2,816)	(34,714)	(104,884)	(49,052)
Net income (loss) from continuing operations	1,852	(31,787)	(3,101)	(54,874)
Provision (benefit) for income taxes	1,020	5,097	489	(4,869)
Interest expense, net	4,000	4,884	8,552	8,688
Depreciation and amortization	13,219	12,205	27,142	25,065
Equity in net loss of equity-method investees	338	11	655	186
Stock-based compensation, net	3,083	1,776	5,820	1,562
Stock-based compensation expense in connection with Chief Executive Officer Succession Agreement	—	117	—	429
Long-lived asset and intangibles impairment	1,889	19,473	1,889	23,709
Unrealized currency (gains) losses	(485)	439	1,199	1,029
EBITDA	$ 24,916	$ 12,215	$ 42,645	$ 925
Productivity and transformation costs	12,260	9,872	26,435	20,205
Chief Executive Officer Succession Plan expense, net	—	10,031	—	29,272
Proceeds from insurance claim	—	—	(2,562)	—
Accounting review and remediation costs, net of insurance proceeds	—	920	—	4,334
SKU rationalization	3,927	1,530	3,916	1,530
Loss on sale of business	1,783	—	1,783	—
Plant closure related costs	1,522	1,490	2,354	3,319
Warehouse/manufacturing facility start-up costs	639	1,708	2,518	6,307
Litigation and related expenses	—	122	48	691
Adjusted EBITDA	$ 45,047	$ 37,888	$ 77,137	$ 66,583

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 (used in) operating activities from continuing operations to Operating free cash flow from continuing operations is as follows:

	Six Months Ended December 31,	
(amounts in thousands)	**2019**	**2018**
Cash flow provided by (used in) operating activities - continuing operations	$ 17,148	$ (4)
Purchases of property, plant and equipment	(29,337)	(40,998)
Operating Free Cash Flow - continuing operations	$ (12,189)	$ (41,002)

Off Balance Sheet Arrangements

At December 31, 2019, 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 for the three and six months ended December 31, 2019 from those addressed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2019. 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 December 31, 2019.

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 December 31, 2019 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 names 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. This motion is fully briefed, and the parties await a decision.

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 a 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. The stay is continued through 30 days after the Court rules on the motion to dismiss the Second Amended Complaint in the Consolidated Securities Action.

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

We have disclosed the risk factors affecting our business, results of operations and financial condition in the section entitled “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. There have been no material changes from the risk factors previously disclosed.

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)
October 1, 2019 - October 31, 2019	1,921	$ 20.85	—	250
November 1, 2019 - November 30, 2019	16,375	24.33	—	250
December 1, 2019 - December 31, 2019	8,991	25.95	—	250
Total	27,287	$ 24.62		

(1) Shares surrendered for payment of employee payroll taxes due on shares issued under stock-based compensation plans.
(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. As of December 31, 2019, the Company had not repurchased any shares under this program and had $250 million of remaining capacity under the share repurchase program.

Item 5. Other Information

Resignation of Director

On February 4, 2020, Roger Meltzer resigned as a member of the Board of Directors (the "Board") of the Company, effective February 6, 2020. Mr. Meltzer's decision to resign was due to the ongoing and increasing demands of serving as co-chairman of one of the largest global law firms. Mr. Meltzer's resignation was not the result of any disagreement with the Company or the Board on any matter relating to the Company's operations, policies or practices. In connection with Mr. Meltzer's resignation, the Board approved the acceleration of the vesting of Mr. Meltzer's unvested restricted stock.

The Company would like to thank Mr. Meltzer for his dedication, guidance and leadership during his 20-year tenure on the Board.

Departure of Executive Officer

Kevin McGahren, the Company's President, North America, is departing the Company effective February 7, 2020. The position of President, North America will be eliminated and the responsibilities will be transitioned to other executives. In connection with Mr. McGahren's departure, he is entitled to receive severance of $832,500 pursuant to the terms of his offer letter with the Company. Mr. McGahren's performance share units under the 2019-2021 LTIP will be forfeited.

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	Fourth Amendment to Third Amended and Restated Credit Agreement, dated November 6, 2019, by and among the Company, the Lenders party thereto and Bank of America, N.A., as administrative agent.
10.2	Offer Letter, dated October 31, 2019, between the Company and Javier H. Idrovo.
10.3	Separation Agreement, dated as of December 31, 2019, between the Company and James M. Langrock.
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:	February 6, 2020	/s/ Mark L. Schiller
		Mark L. Schiller, **President and** **Chief Executive Officer**
Date:	February 6, 2020	/s/ Javier H. Idrovo
		Javier H. Idrovo, **Executive Vice President and** **Chief Financial Officer**

Exhibit 10.1

FOURTH AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This **FOURTH AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT**, dated as of November 6, 2019 (this "***Amendment***"), is by and among **THE HAIN CELESTIAL GROUP, INC.**, a Delaware corporation (the "***Company***"), the Lenders (as defined below) party hereto and **BANK OF AMERICA, N.A.**, as administrative agent (in such capacity, the "***Administrative Agent***"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

W I T N E S S E T H

WHEREAS, the Company, certain other wholly-owned Subsidiaries of the Company party thereto from time to time, each lender from time to time party thereto (collectively, the "***Lenders***" and individually, a "***Lender***") and the Administrative Agent are parties to that certain Third Amended and Restated Credit Agreement, dated as of February 6, 2018 (as amended, supplemented, extended, restated or otherwise modified from time to time, the "***Credit Agreement***");

WHEREAS, the Company has requested that the Lenders amend certain provisions of the Credit Agreement; and

WHEREAS, the Lenders party hereto are willing to make such amendments to the Credit Agreement, in accordance with and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Article 1

AMENDMENTS TO CREDIT AGREEMENT

1.1 Amendment to "Consolidated Interest Expense". The definition of "Consolidated Interest Expense" appearing in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

> *"Consolidated Interest Expense" means, as of any date of determination, the sum of all interest expense on Indebtedness of the Company and its Subsidiaries on a consolidated basis, determined in accordance with GAAP. Consolidated Interest Expense shall be calculated with respect to the Company and its Subsidiaries on a consolidated basis and shall be calculated (without duplication) over the four fiscal quarters immediately preceding the date of determination thereof. In the event that the Company or any of its Subsidiaries (x) prepays the principal balance of the Term Loans pursuant to Sections 2.05(b)(iii) and (vi), (y) permanently repays or prepays any term Indebtedness with the proceeds of any Disposition or (z) ceases to be liable for any Indebtedness (and the Company and its Subsidiaries' availability with respect to such Indebtedness is reduced to zero) as a result of any Disposition, in each case, during the*

period for which Consolidated Interest Expense is being calculated (including concurrently with any event for which the calculation of the Consolidated Interest Expense is made), then Consolidated Interest Expense shall be calculated giving pro forma effect to such prepayment or repayment (solely to the extent such prepayment is applied to the principal balance of the Term Loans or such other term Indebtedness) or cessation of liability as if the same had occurred on the first day of the applicable period.

1.2 **Amendment to "Consolidated Maintenance Capital Expenditures"**. The definition of "Consolidated Maintenance Capital Expenditures" appearing in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Consolidated Maintenance Capital Expenditures" means, as of any date of determination, the sum of expenditures by the Company and its Subsidiaries, on a consolidated basis, by the expenditure of cash or the incurrence of Indebtedness, with respect to the replacement, repair, maintenance and upkeep of any fixed or capital assets (to the extent capitalized on the financial statements of the Company), in accordance with GAAP. Consolidated Maintenance Capital Expenditures shall be calculated (without duplication) over the four fiscal quarters immediately preceding the date of determination thereof. For purposes of calculating Consolidated Maintenance Capital Expenditures for any period of four consecutive quarters, if during such period the Company or any Subsidiary shall have disposed of any Person or disposed of all or substantially all of the operating assets, a line of business or a brand of any Person, Consolidated Maintenance Capital Expenditures for such period shall be calculated on a pro forma basis. For purposes of this definition, (x) "pro forma basis" means, with respect to any determination for any period, that such determination shall be made giving pro forma effect to any such disposition, as if such disposition had been consummated on the first day of such period, and the capital expenditures associated with and expended solely for the benefit of such disposed operating assets, line of business or brand had not been made by the Company and its Subsidiaries, in each case based on historical results accounted for in accordance with GAAP, and (y) "disposition" means any disposition of property by the Company or any Subsidiary that constitutes all or substantially all of the assets of a Person, or of a line of business or brand of such Person, or all or substantially all of the Equity Interests of such Person.

1.3 **Amendment to "Obligations"**. The definition of "Obligations" appearing in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party or any Subsidiary of any Loan Party arising under any Loan Document or otherwise with respect to any Loan, Letter of Credit or Secured Ancillary Agreement, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party, any Subsidiary of any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

1.4 Amendment to Section 7.11(a). Section 7.11(a) of the Credit Agreement is hereby amended by inserting the following sentence at the end thereof:

For purposes of calculating cash taxes paid net of cash tax refunds received for this Section 7.11(a) for any period of four consecutive quarters, if during such period the Company or any Subsidiary shall have disposed of any Person or disposed of all or substantially all of the operating assets of any Person, such amounts for such period shall be calculated on a pro forma basis. For purposes of this definition, (x) "pro forma basis" means, with respect to any determination for any period, that such determination shall be made giving pro forma effect to any such disposition, as if such disposition had been consummated on the first day of such period, and the taxable income or loss associated with such disposed operating assets had not been received by the Company and its Subsidiaries, in each case based on historical results accounted for in accordance with GAAP, and (y) "disposition" means any disposition of property by the Company or any Subsidiary that constitutes all or substantially all of the assets of a Person or all or substantially all of the Equity Interests of such Person.

1.5 Amendment to Article X. Article X of the Credit Agreement is hereby amended by inserting new Section 10.26 thereof to read as follows:

Section 10.26. Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, "QFC Credit Support", and each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the

foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

Article 2

CONDITIONS TO EFFECTIVENESS

2.1 Closing Conditions. This Amendment shall be deemed effective as of September 30, 2019 (the "***Fourth Amendment Effective Date***") upon satisfaction of the following conditions (in each case, in form and substance reasonably acceptable to the Administrative Agent):

(a) Executed Amendment. The Administrative Agent shall have received a copy of this Amendment duly executed by each of the Borrowers, the Required Lenders and the Administrative Agent.

(b) Default. After giving effect to this Amendment, no Default or Event of Default shall exist.

(c) Fees, Costs and Expenses. The Administrative Agent shall have received from the Company such fees, costs and expenses that are payable in connection with the consummation of the transactions contemplated hereby and Holland & Knight LLP shall have received from the Company payment of all outstanding fees and expenses previously incurred and all fees and expenses incurred in connection with this Amendment.

(d) Miscellaneous. All other documents and legal matters in connection with the transactions contemplated by this Amendment shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

Article 3

MISCELLANEOUS

3.1 <u>Amended Terms</u>. On and after the Fourth Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Credit Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

3.2 <u>FATCA</u>. For purposes of determining withholding Taxes imposed under the Foreign Account Tax Compliance Act (FATCA), from and after the Fourth Amendment Effective Date, the Company and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) the Credit Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

3.3 <u>Representations and Warranties of Loan Parties</u>. The Company represents and warrants as follows:

(a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.

(b) This Amendment has been duly executed and delivered by the Company and constitutes the Company's legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Person of this Amendment.

(d) The representations and warranties of the Company and each other Loan Party contained in Article V of the Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection therewith, are true and correct in all material respects on and as of the Fourth Amendment Effective Date, except that (i) such representations and warranties that specifically refer to an earlier date shall be true and correct in all material respects as of such earlier date, (ii) such representations and warranties shall be true and correct in all respects to the extent they are qualified by a materiality standard and (iii) the representations and warranties contained in clauses (a) and (c) of Section 5.03 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (c), respectively, of Section 6.01 of the Credit Agreement.

(e) As of the Fourth Amendment Effective Date, no event has occurred and is continuing which constitutes a Default or an Event of Default.

(f) The Obligations are not reduced or modified by this Amendment and are not subject to any offsets, defenses or counterclaims.

3.4 Reaffirmation of Obligations. The Company hereby ratifies the Credit Agreement and each other Loan Document to which it is a party, and acknowledges and reaffirms (a) that it is bound by all terms of the Credit Agreement and each such Loan Document applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations.

3.5 Loan Document. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement.

3.6 Expenses. The Company agrees to pay all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of the Administrative Agent’s legal counsel.

3.7 Further Assurances. The Loan Parties agree to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

3.8 Entirety. This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

3.9 Counterparts; Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment or any other document required to be delivered hereunder, by fax transmission or e-mail transmission (e.g. “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement. Without limiting the foregoing, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

3.10 No Actions, Claims, Etc. As of the date hereof, each of the Loan Parties hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent, the Lenders, or the Administrative Agent’s or the Lenders’ respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act under the Credit Agreement on or prior to the date hereof.

3.11 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, INCLUDING FOR SUCH PURPOSES SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK.

3.12 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

3.13 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. The jurisdiction, service of process and waiver of jury trial provisions set forth in Sections 10.14 and 10.15 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis.

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

COMPANY:

THE HAIN CELESTIAL GROUP, INC.

By: /s/ James Langrock
Name: James Langrock
Title: EVP and Chief Financial Officer

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Ronaldo Naval
Name: Ronaldo Naval
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Jana L. Baker
Name: Jana L. Baker
Title: Senior Vice President

WELLS FARGO BANK, N.A.,
as a Lender

By: /s/ Stephanie Allegra
Name: Stephanie Allegra
Title: Senior Vice President

CITIZENS BANK, N.A.,
as a Lender

By: /s/ Angela Reilly
Name: Angela Reilly
Title: Senior Vice President

FARM CREDIT EAST, ACA,
as a Lender

By: /s/ Justin A. Brown
Name: Justin A. Brown
Title: Vice President

HSBC BANK USA, N.A.,
as a Lender

By: /s/ Steve Zambriezki
Name: Steve Zambriezki
Title: Vice President

COBANK, ACB
as a Lender

By: /s/ Austin G. Taylor
Name: Austin G. Taylor
Title: Vice President

CAPITAL ONE, NATIONAL ASSOCIATION
as a Lender

By: /s/ Richard O’Neill
Name: Richard O’Neill
Title: Managing Director

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Hanna Piechocka
Name: HANNA PIECHOCKA
Title: VP KEYBANK NA

COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH,
as a Lender

By: /s/ Claire Laury
Name: Claire Laury
Title: Executive Director

By: /s/ David Vernon
Name: David Vernon
Title: Vice President

SUNTRUST BANK,
as a Lender

By: /s/ Tesha Winslow
Name: Tesha Winslow
Title: Director

TD BANK, N.A.,
as a Lender

By: /s/ Alan Garson
Name: Alan Garson
Title: Senior Vice President

AGFIRST FARM CREDIT BANK,
as a Lender

By: /s/ Matthew H Jeffords
Name: Matthew H Jeffords
Title: Vice President

KBC BANK N.V., NEW YORK BRANCH
as a Lender

By: /s/ Deborah Carlson
Name: DEBORAH CARLSON
Title: Director

By: /s/ Francis X. Payne
Name: Francis X. Payne
Title: Managing Director

Exhibit 10.2

The Hain Celestial Group, Inc.
Worldwide Headquarters

1111 Marcus Avenue • Lake Success, NY 11042-1034 • phone: +1 (516) 587-5000 • fax: +1 (516) 587-0208 • www.hain.com

October 31, 2019

Personal & Confidential

Mr. Javier Idrovo

Dear Javier:

Subject to the approval of the Board of Directors and the Compensation Committee, we are pleased to offer employment to you as Executive Vice President and Chief Financial Officer of The Hain Celestial Group, Inc. ("**Hain Celestial**" or the "**Company**"). Your employment will commence on a mutually agreeable date on or prior to December 2, 2019 (the date your employment commences, the "**Start Date**"). You will report directly to Mark Schiller, President and Chief Executive Officer. Please note that your job responsibilities are subject to change as Hain Celestial's business needs may require.

1. Your annual base salary will be $550,000 (less required withholdings and elected deductions), and will be paid in accordance with the Company's payroll practices.

2. You will be eligible to earn an annual incentive award (the "**Annual Incentive Award**") under the terms and conditions of an annual incentive plan to be adopted by the Compensation Committee of the Board of Directors. Your target Annual Incentive Award for fiscal year 2020 shall be equal to 85% of your annual base salary. The amount payable to you under the Annual Incentive Award will be determined by the Compensation Committee in its discretion under the terms of the annual incentive plan, and you must be actively employed by the Company at the time of payment. The Annual Incentive Award for fiscal year 2020 will be prorated based on your Start Date.

3. As soon as practicably possible following your Start Date, you will receive a one-time signing award of restricted stock units of the Company equal to $1,300,000, divided by the closing stock price of the Company on your Start Date ("**RSUs**"). This grant of RSUs is intended to recognize the compensation you are forfeiting from your former employer upon joining Hain. The award will be made pursuant to The Hain Celestial Group, Inc. 2019 Equity Inducement Award Plan and subject to the terms of the applicable award agreement. The RSUs shall vest over a two-year period, with one-half vesting each year on the anniversary date of the Start Date. If your employment terminates, or you leave the Company voluntarily, the unvested portion of the RSUs will be forfeited.

4. In addition, as soon as practicably possible following the Start Date, you will receive a one-time signing award of performance share units with a target number of shares equal to $1,000,000 divided by the closing stock price of the Company on your Start Date ("**Sign-On PSUs**"). The award will be made pursuant to The Hain Celestial Group, Inc. 2019 Equity Inducement Award Plan. This grant of Sign-on PSUs is intended to recognize the compensation you are forfeiting from your former employer upon

joining Hain. The Sign-On PSUs will be subject to the terms and conditions set forth in the Performance Units Agreement, and will vest pursuant to the achievement of pre-established Total Shareholder Return ("**TSR**") goals at the end of the performance period (ending on November 6, 2021, unless otherwise specified in the Performance Units Agreement) and your continued employment until the end of the performance period. The TSR goals will be the same as the TSR goals in effect for the Company's CEO and other executive officers under the Company's 2019-2021 Long-Term Incentive Program. Total shares earned will range from 0% to 300% of the target number of shares. If your employment terminates, or you leave the Company voluntarily, the unvested portion of the PSUs will be forfeited unless otherwise specified in the Performance Units Agreement.

5. In addition to the sign-on awards described in paragraphs 3 and 4, you will be eligible to participate in the Company's Long-Term Incentive Program. As soon as practicably possible following the Start Date, you will receive an award of performance share units ("**LTIP PSUs**") with a target of 100,000 shares intended to represent the total long-term incentive opportunity for fiscal years 2020 – 2021. The LTIP PSUs will otherwise have the same terms and conditions as the Sign-On PSUs, and the total shares earned will range from 0% to 300% of the target number of shares.

Beginning in fiscal year 2022, you will be eligible to receive additional awards under the Company's long-term incentive program, subject to the terms and conditions of such program and at the level as determined by the Compensation Committee.

6. You also will receive a one-time signing bonus of $500,000. This bonus is intended to recognize the compensation you are forfeiting from your former employer upon joining Hain. This bonus will be paid in one lump sum after you have completed the first 90 days of your employment with the Company. The signing bonus is taxable and will be made in accordance with the Company's payroll practices. Should you voluntarily terminate your employment with the Company, or if you are terminated for cause as determined by the Compensation Committee in good faith, in each case within the first 24 months of your Start Date, you will be responsible for the repayment of a pro-rated amount of the signing bonus. You further agree that a portion of your final paycheck may be withheld as partial or full repayment, to the extent allowable by applicable law.

7. If Hain Celestial terminates your employment without cause, as determined by the Compensation Committee in good faith, you will be entitled to receive a severance payment of one (1) times your annual base salary in effect at the time of termination and one (1) times your target Annual Incentive Award for the year in which the termination date occurs, payable (less applicable withholdings) in bi-weekly payments, in accordance with the Company's payroll practices, following the termination of your employment. Your entitlement to the severance payment will be subject to the execution of a separation agreement and release of claims in a form satisfactory to the Company, including an acknowledgment of the continued effectiveness of your post-employment restrictive covenants and other obligations to the Company.

8. You will participate in the Company's "Change in Control Agreement," in accordance with and subject to the terms and conditions of such agreement. The Change in Control Agreement will generally provide a severance benefit equal to (2) times the sum of your annual base salary and target Annual Incentive Award if your employment is terminated under certain circumstances in connection with a Change in Control (as defined in the agreement).

9. Our group health insurance benefit plan provides for participation by new employees on the first calendar day of the month following completion of 30 days of employment. Additionally, on the first calendar day of the month following completion of 30 days of employment, you will be eligible to participate in the Hain Celestial 401(k) Retirement Plan.

10. You will be entitled to up to four (4) weeks of annual paid vacation and other personal leave in accordance with Company policy, which shall be subject in all respects to the terms and conditions of the Company's paid time off policies, as may be in effect from time to time.

11. This offer is contingent upon the approval of the Company's Board of Directors and the Compensation Committee. This offer is further contingent upon your completion of a pre-hire screening, which will require that you execute documents required by Han Celestial for a background investigation concerning your criminal, employment, education and credit history. You will also be required to enter into a Restrictive Covenant Agreement (which includes our standard requirements relating to non-competition, non-solicitation and confidentiality) within thirty (30) days of the Start Date.

12. You have advised us that you are not a party to or restricted by an agreement with a previous employer that would interfere with or impair in any way your ability to perform the duties of your position with Hain Celestial as described in this letter. It is a condition of your employment with Hain Celestial that you refrain from using or disclosing any proprietary information or trade secrets of any previous employer in the course of your employment with Hain Celestial. If any previous employer asserts a claim that your employment with Hain Celestial violates any contractual obligations owed by you, or that you have otherwise committed a breach of any contractual or other duty to a previous employer, Hain Celestial may immediately terminate your employment, and such termination will be treated as a termination for cause. In the event of such a claim, Hain Celestial is not obligated to indemnify you for any damages or to provide a defense against such claims.

13. This letter does not constitute a contract of employment or a guarantee that your employment will continue for any period of time or any specific treatment. Your employment with us is "at-will", and is therefore terminable by either Hain Celestial or you without cause, notice or liability. Your continued employment is subject to, among other things, your satisfactory completion of your job responsibilities and your compliance with Hain Celestial's policy requirements.

14. This letter and the Company's obligations hereunder are intended to comply with or otherwise be exempt from Section 409A and its corresponding regulations, to the extent applicable, and shall be so construed.

15. This letter supersedes all prior or contemporaneous agreements, understandings, negotiations or representations, whether oral or written, express or implied, on this subject. This letter may not be modified or amended except by a specific, written arrangement signed by you and Hain Celestial's Chief Executive Officer. The terms of this letter shall be governed by New York law.

Please acknowledge your acceptance of these terms by your signature below. Afterwards, kindly return one copy to me and keep one copy for your records.

Sincerely,

/s/ Kristy Meringolo

Kristy Meringolo
Senior Vice President, General Counsel,
Chief Compliance Officer & Corporate Secretary

Accepted: /s/ Javier Idrovo
Javier Idrovo

Date: 10/31/2019

Exhibit 10.3

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (the “Agreement”) is made and entered into this 31st day of December 2019 by and between The Hain Celestial Group, Inc. (“Hain” or the “Company”) and James Langrock (“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 December 31, 2019 (the “Termination Date”). 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 $1,650,000, 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 December 31, 2019. 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 18 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.

In accordance with Employee's grants of restricted stock dated June 26, 2017 and September 26, 2017, the unvested portion of Employee’s restricted stock (16,667 shares and 534 shares respectively) will vest upon the termination of his employment. The Company will satisfy the tax withholding obligations associated with such vesting by withholding a number of shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, equal to the amount of such tax withholding obligations. Regardless of the Company's actions in this regard, Employee hereby acknowledges and agrees that the tax liability shall be his responsibility and liability. Employee acknowledges and agrees that Employee’s Performance Share Unit Award granted on January 24, 2019 will be forfeited and cancelled without consideration upon the Termination Date, in accordance with its terms.

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. Indemnification

Notwithstanding anything to the contrary herein, including any release by Employee here, to the fullest extent permitted by applicable law and the provisions of the existing Hain Articles of Incorporation, Hain shall indemnify and hold harmless Employee from and against any and all liabilities, obligations, losses, damages, fines, taxes and interest and penalties thereon (other than taxes based on fees or other compensation received by Employee) claims, demands, actions, suits, proceedings (whether civil, criminal, administrative, investigative or otherwise), costs, expenses and disbursements (including legal and accounting fees and expenses, costs of investigation and sums paid in settlement) of any kind or nature whatsoever (collectively, “Claims and Expenses”) which may be imposed on, incurred by or asserted at any time against Employee in any way related to Employee’s employment by Hain, or the management or administration of Hain, or in connection with the business or affairs of Hain or the activities of Employee on behalf of the Company; provided that Employee shall not be entitled to indemnification hereunder for Claims and Expenses that are (i) incurred by such Employee as plaintiff in any action, suit or proceeding brought against the Company or (ii) incurred by such Employee as a defendant in any action, suit or proceeding brought against Employee by a third party and found by a court of competent jurisdiction in a final judgment not subject to further appeal to be attributable to such Employee’s fraud, gross negligence or willful misconduct.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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 March 25, 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.

12. 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.

13. 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. Furthermore, Hain will instruct its current Executive Officers and the Directors of the Company's Board of Directors, in place as of the Effective Date of this Agreement, to refrain from any defamation, libel or slander of Employee.

14. Resignation from Positions with Subsidiaries

Employee hereby resigns as a director and officer and from any other positions Employee may hold with each direct and indirect subsidiary of the Company. Employee agrees to execute such other documents or instruments as the Company may reasonably request to give formal effect to any such resignation.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. Governing Law

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

21. 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.

22. 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.

23. 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/ James Langrock By: /s/ Kristy Meringolo
Employee - James Langrock Kristy Meringolo
SVP, General Counsel

Date: 12/31/19 Date: December 31, 2019

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: February 6, 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: February 6, 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 December 31, 2019 (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: February 6, 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 December 31, 2019 (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: February 6, 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.