UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended February 29, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 001-14669

HELEN OF TROY LIMITED

(Exact name of registrant as specified in its charter)

Bermuda	**74-2692550**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Clarendon House, 2 Church Street, Hamilton, Bermuda
(Address of principal executive offices)

1 Helen of Troy Plaza, El Paso, Texas	**79912**
(Registrant's United States Mailing Address)	(Zip Code)

(915) 225-8000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, $0.10 par value per share	**HELE**	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common shares held by non-affiliates of the registrant as of August 31, 2019, based upon the closing price of the common shares as reported by The NASDAQ Global Select Market on such date, was approximately 3,831,315,388.

As of April 22, 2020, there were 25,243,702 common shares, $0.10 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2020 Annual General Meeting of Shareholders to be filed within one hundred and twenty days of the fiscal year ended February 29, 2020 (2020 Proxy Statement) are incorporated by reference into Part III of this report to the extent described herein.

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EXPLANATORY NOTE

In this report and the accompanying consolidated financial statements and notes, unless otherwise indicated or the context suggests otherwise, references to "the Company", "our Company", "Helen of Troy", "we", "us", or "our" refer to Helen of Troy Limited and its subsidiaries. We refer to our common shares, par value $0.10 per share, as "common stock." References to "EMEA" refer to the combined geographic markets of Europe, the Middle East and Africa. We use product and service names in this report for identification purposes only and they may be protected in the United States and other jurisdictions by trademarks, trade names, service marks, and other intellectual property rights of ours and other parties. The absence of a specific attribution in connection with any such mark does not constitute a waiver of any such right. All trademarks, trade names, service marks, and logos referenced herein belong to their respective owners. References to "fiscal" in connection with a numeric year number denotes our fiscal year ending on the last day of February, during the year number listed. References to "the FASB" refer to the Financial Accounting Standards Board. References to "GAAP" refer to U.S. generally accepted accounting principles. References to "ASU" refer to the codification of GAAP in the Accounting Standards Updates issued by the FASB. References to "ASC" refer to the codification of GAAP in the Accounting Standards Codification issued by the FASB.

PART I

Item 1. Business

Our Company

We incorporated in Texas in 1968 and were reorganized in Bermuda in 1994. We are a leading global consumer products company offering creative solutions for our customers through a diversified portfolio of well-recognized and widely-trusted brands. We have built leading market positions through new product innovation, product quality and competitive pricing.

Segment Information

We currently have three business segments, which are included in our financial statements in continuing operations:

- **Housewares:** Provides a broad range of products to help with food preparation, cooking, cleaning, organization, beverage service, and other tasks to ease everyday living for families. This segment sells primarily to retailers as well as through our direct-to-consumer channel.

- **Health & Home:** Provides healthcare and home environment products. Sales for the segment are primarily to retailers, with some direct-to-consumer channel sales.

- **Beauty:** Provides mass and prestige market personal care and beauty appliance products including hair styling appliances, grooming tools, decorative haircare accessories, and liquid, solid and powder-based personal care products. This segment sells primarily to retailers, beauty supply wholesalers and directly to the consumer.

Unless otherwise indicated, all amounts are presented from continuing operations. Discontinued operations refers to our former Nutritional Supplements segment, which was divested on December 20, 2017. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and Note 6 to the accompanying consolidated financial statements for more information.

For more segment and geographic information concerning our net sales revenue, long-lived assets and operating income, refer to Note 20 to the accompanying consolidated financial statements.

Our Strategic Initiatives

In fiscal 2015, we launched a five-year transformational strategy designed to improve the performance of our business segments and strengthen our shared service capabilities. This strategy has driven our decisions on where we will operate and how we will achieve our goals in markets around the world. The overall design of our business and organizational plan is intended to create sustainable and profitable growth and improve organizational capability.

Fiscal 2019 marked the completion of Phase I of our multi-year transformation strategy, which delivered performance across a wide range of measures. We improved organic sales growth by focusing on our Leadership Brands, made strategic acquisitions, became a more efficient operating company with strong global shared services, upgraded our organization and culture, improved inventory turns and return on invested capital, and returned capital to shareholders.

Fiscal 2020 began Phase II of our transformation and is designed to drive the next five years of progress. The long-term objectives of Phase II include improved organic sales growth, continued margin expansion, and strategic and effective capital deployment. We expect Phase II will include continued investment in our Leadership Brands, with a focus on growing them through consumer-centric innovation, expanding them more aggressively outside the United States, and adding new brands through acquisition. We anticipate building further shared service capability and operating efficiency, as well as attracting, retaining, unifying and training the best people.

On January 23, 2020, we completed the acquisition of Drybar Products LLC ("Drybar Products"), for approximately $255.9 million in cash, subject to certain customary closing adjustments. Drybar Products is a fast-growing, innovative, trend-setting prestige hair care and styling brand. As part of the transaction, we granted a worldwide license to Drybar Holdings LLC, the owner and long-time operator of Drybar blowout salons, to use the Drybar trademark in their continued operation of Drybar salons. The salons will exclusively use, promote, and sell Drybar products globally. The acquisition of Drybar Products adds an 8th Leadership Brand to the Company. Leadership Brands are brands which have number-one or number-two positions in their respective categories and, in addition to Drybar, include OXO, Honeywell, Braun, PUR, Hydro Flask, Vicks, and Hot Tools.

During the fourth quarter of fiscal 2020, we committed to a plan to divest certain assets within our mass market personal care business. The assets to be disposed of include intangible assets, inventory and fixed assets relating to our mass channel liquids, powder and aerosol products under brands such as Pert, Brut, Sure and Infusium. We expect the divestiture to occur within fiscal 2021. Accordingly, we have classified the identified assets of the disposal group as held for sale. The plan to divest these assets advances our strategy to focus our resources on our Leadership Brands.

Our Products

The following table summarizes the types of products we sell by business segment:

Segment	Product Category	Primary Products
Housewares	Food Preparation and Storage	Food preparation tools and gadgets, food storage containers and storage and organization products
	Cleaning, Bath and Garden	Household cleaning products, shower organization, bathroom accessories, and gardening products
	Infant and Toddler	Feeding and drinking products, child seating, cleaning tools and nursery accessories
	Hot and Cold Beverage and Food Containers	Insulated water bottles, jugs, thermoses, drinkware, travel mugs and food containers
Health & Home	Healthcare	Thermometers, blood pressure monitors and humidifiers
	Water Filtration	Faucet mount water filtration systems and pitcher based water filtration systems
	Home Environment	Air purifiers, heaters, fans, humidifiers and dehumidifiers
Beauty	Appliances and Accessories (1)	Mass and prestige market hair and skin care appliances, grooming brushes, tools and decorative hair accessories
	Personal Care (1)(2)	Mass and prestige market shampoos, liquid hair styling products, treatments and conditioners.

(1) On January 23, 2020, we completed the acquisition of Drybar Products which offers innovative, trend setting prestige hair care and styling products.

(2) During the fourth quarter of fiscal 2020, we committed to a plan to divest certain assets within our mass market personal care business. The assets to be disposed of include intangible assets, inventory and fixed assets relating to our mass channel liquids, powder and aerosol products. We have classified the identified assets as held for sale. For additional information see Note 5 to the accompanying consolidated financial statements.

Our Trademarks

We market products under a number of trademarks that we own and sell certain of our products under trademarks licensed from third parties. We believe our principal trademarks, both owned and licensed, have high levels of brand name recognition among retailers and consumers throughout the world. Through our favorable partnerships with our licensors, we believe we have developed stable, enduring relationships that provide access to unique brands that complement our owned and internally developed trademarks.

The Beauty and Health & Home segments rely on the continued use of trademarks licensed under various agreements for a substantial portion of their net sales revenue. New product introductions under licensed trademarks require approval from the respective licensors. The licensors must also approve the

product packaging. Many of our license agreements require us to pay minimum royalties, meet minimum sales volumes and some require us to make minimum levels of advertising expenditures.

The following table lists our key trademarks by segment:

Segment	Owned	Licensed
Housewares	OXO, Good Grips, Hydro Flask, Soft Works, OXO tot	
Health & Home	PUR	Honeywell, Braun, Vicks
Beauty	Drybar, Hot Tools, Brut, Pert, Sure, Infusium	Revlon, Bed Head

Patents and Other Intellectual Property

We maintain utility and design patents in the United States and several foreign countries. We also protect certain details about our processes, products and strategies as trade secrets, keeping confidential the information that we believe provides us with a competitive advantage.

Sales and Marketing

We currently market our products in over 95 countries throughout the world. Sales within the United States comprised approximately 79%, 78% and 79% of total net sales revenue in fiscal 2020, 2019 and 2018, respectively. Our segments primarily sell their products through mass merchandisers, drugstore chains, warehouse clubs, home improvement stores, grocery stores, specialty stores, beauty supply retailers, e-commerce retailers, wholesalers, and various types of distributors, as well as directly to consumers. We collaborate extensively with our retail customers and, in many instances, produce specific versions of our product lines with exclusive designs and packaging for their stores, which are appropriately priced for their respective customer bases. We market products principally through the use of outside sales representatives and our own internal sales staff, supported by our internal marketing, category management, engineering, creative services, and customer and consumer service staff. These groups work closely together to develop pricing and distribution strategies, to design packaging and to help develop product line extensions and new products.

Research and Development

Our research and development activities focus on new, differentiated and innovative products designed to drive sustained organic growth. We continually invest to strengthen our product design and research and development capabilities, including extensive study to gain consumer insight. Research and development expenses consist primarily of salary and employee benefit expenses and contracted development and testing efforts associated with development of products.

Manufacturing and Distribution

We contract with unaffiliated manufacturers, primarily in China and Mexico, to manufacture a significant portion of our finished goods for the Beauty appliances and accessories, Housewares, Healthcare, Water Filtration, and Home Environment product categories. The North American region of the personal care category of the Beauty segment sources most of its products from U.S. manufacturers. Finished goods manufactured by vendors in the Far East comprised approximately 76%, 74% and 74% of finished goods purchased for fiscal 2020, 2019 and 2018, respectively.

We occupy owned and leased office and distribution space in various locations to support our operations. These facilities include our U.S. headquarters in El Paso, Texas, and distribution centers in Southaven, Mississippi, and Olive Branch, Mississippi, which are used to support a significant portion of our domestic distribution.

Customers

Sales to our largest customer accounted for approximately 18%, 16% and 13% of our consolidated net sales revenue in fiscal 2020, 2019 and 2018, respectively. Sales to our second largest customer

accounted for approximately 14%, 16% and 17% of our consolidated net sales revenue in fiscal 2020, 2019 and 2018, respectively. Sales to our third largest customer did not account for 10% or more of our consolidated net sales revenue in fiscal 2020, however, did account for 10% of our consolidated net sales revenue in fiscal 2019 and 2018, respectively. No other customers accounted for 10% or more of consolidated net sales revenue during those fiscal years. Sales to our top five customers accounted for approximately 50%, 51% and 49% of our consolidated net sales revenue in fiscal 2020, 2019 and 2018, respectively.

Order Backlog

When placing orders, our individual consumer, retail and wholesale customers usually request that we ship the related products within a short time frame. As such, there usually is no significant backlog of orders in any of our distribution channels.

Seasonality

SEASONALITY AS A PERCENTAGE OF ANNUAL NET SALES REVENUE

	Fiscal Years Ended Last Day of February		
Fiscal Quarter Ended	**2020**	**2019**	**2018**
May	**22.0%**	22.7%	22.0%
August	**24.2%**	25.2%	23.3%
November	**27.8%**	27.6%	28.5%
February	**26.0%**	24.5%	26.2%

Our sales are seasonal due to different calendar events, holidays and seasonal weather patterns. Historically, the third fiscal quarter produces the highest net sales revenue during the fiscal year.

Competitive Conditions

We generally sell our products in markets that are very competitive and mature. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products we compete against other branded products as well as retailers' private-label brands. We believe that we have certain key competitive advantages, such as well recognized brands, engineering expertise and innovation, sourcing and supply chain know-how, and productive co-development relationships with our Far East manufacturers. We support our products with advertising, promotions and other marketing activities, as well as an extensive sales force in order to build awareness and to encourage new consumers to try our brands and products. We are well positioned in the industry segments and markets in which we operate, often holding a leadership or significant market share position. We believe these advantages allow us to bring our retailers a differentiated value proposition.

The following table summarizes our primary competitors by business segment:

Segment	Competitor
Housewares	Lifetime Brands, Inc. (KitchenAid), Newell Brands Inc., Simple Human LLC, Yeti Holdings, Inc. (Yeti), Bradshaw Home, Inc. (BradshawHome)
Health & Home	Exergen Corporation, Omron Healthcare, Inc., Crane Engineering, Newell Brands, Inc., Lasko Products, LLC., The Clorox Company (Brita), Zero Technologies, LLC, Vornado Air Circulation Systems, Dyson Ltd, Unilever (Blueair), Guardian Technologies LLC.
Beauty	Conair, Spectrum Brands Holdings Inc. (Remington), Newell Brands, Inc., The Procter & Gamble Company, Unilever N.V., Colgate-Palmolive Company, Coty Inc., Dyson Ltd

Environmental and Health and Safety Matters

Our operations are subject to national, state, local, and provincial jurisdictions’ environmental, health and safety laws and regulations. Many of the products we sell are subject to a number of product safety laws

and regulations in various jurisdictions. These laws and regulations specify the maximum allowable levels of certain materials that may be contained in our products, provide statutory prohibitions against misbranded and adulterated products, establish ingredients and manufacturing procedures for certain products, specify product safety testing requirements, and set product identification and labeling requirements.

Additionally, an emerging trend with both governments and our retail customers is to prescribe public and private social accountability reporting requirements regarding our worldwide business activities. In our product space, some requirements have already been mandated and we believe others may become required in the future. Examples of current requirements include conflict minerals content reporting, customer reporting of foreign fair labor practices in connection with our supply chain vendors, and evaluating the risks of human trafficking and slavery.

We believe that we are in material compliance with these laws, regulations and other reporting requirements. Further, the cost of maintaining compliance has not had a material adverse effect on our business, consolidated results of operations and consolidated financial condition, nor do we expect it to do so in the foreseeable future. Due to the nature of our operations and the frequently changing nature of compliance and social reporting standards and technology, we cannot predict with any certainty that future material capital or operating expenditures will not be required in order to comply with applicable laws, regulations and other reporting mandates.

Employees

As of February 29, 2020, we employed approximately 1,650 full-time employees worldwide. We also use temporary, part-time and seasonal employees as needed. None of our U.S. employees are covered by a collective bargaining agreement. Certain of our employees in Europe are covered by collective arrangements or works counsel in accordance with local practice. We have never experienced a work stoppage, and we believe that we have satisfactory working relations with our employees.

Available Information

We maintain our main Internet site at: http://www.helenoftroy.com. The information contained on this website is not included as a part of, or incorporated by reference into, this report. We make available on or through our main website's Investor Relations page under the heading "SEC Filings" certain reports and amendments to those reports that we file with, or furnish to, the SEC in accordance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These include our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, our proxy statements on Schedule 14A, amendments to these reports, and the reports required under Section 16 of the Exchange Act of transactions in our common stock by directors and officers. We make this information available on our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC. Also, on the Investor Relations page, under the heading "Corporate Governance," are our Code of Ethics, Code of Conduct, Corporate Governance Guidelines and the Charters of the Committees of the Board of Directors.

Item 1A. Risk Factors

Carefully consider the risks described below and all of the other information included in our report on Form 10-K when deciding whether to invest in our securities or otherwise evaluating our business. If any of the following risks or other events or circumstances described elsewhere in this report materialize, our business, operating results or financial condition may suffer. In this case, the trading price of our common stock and the value of your investment might significantly decline. The risks listed below are not the only risks that we face. Additional risks unknown to us or that we currently believe are insignificant may also affect our business.

We expect the current public health crisis resulting from the outbreak of novel coronavirus disease (commonly referred to as "COVID-19") to adversely impact our business, which could have a material impact on our operating results and financial condition. We must successfully manage the demand, supply, and operational challenges associated with the actual or perceived effects of COVID-19 and any similar future public health crisis, pandemic or epidemic.

Our business may be negatively impacted by the fear of exposure to, or actual effects of, pandemics and epidemics or similar public health crises. In response to a public health crisis, national, state and local authorities may implement a variety of measures to limit the spread of a disease, such as travel restrictions, social distancing or imposing quarantine and isolation measures on the population. The impacts of a public health crisis may include, but are not limited to:

- Significant reductions in demand or significant volatility in demand for our products, which may be caused by, among other things, the temporary inability of consumers to purchase our products due to illness, self-quarantine, travel restrictions, financial hardship, restrictions that limit access to or close customer stores, or shifts in demand away from one or more of our more discretionary or higher priced products to lower priced products;
- Inability to meet our customers' needs and achieve costs targets due to disruptions in distribution capabilities or our supply chain caused by the loss or disruption of essential manufacturing and supply elements such as raw materials or other finished product components, restricted transportation or increased freight costs, reduced workforce, or other manufacturing sources and distribution processes;
- Failure of third parties on which we rely, including our suppliers, customers, distributors, commercial banks, and external business partners, to meet their obligations to us, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties and may adversely impact our operations; or
- Significant changes in the political environment in which we manufacture, sell or distribute our products, including quarantines, governmental authority actions, closures or other restrictions that limit or close operating and manufacturing or distribution facilities, restrict employees' ability to travel or perform necessary business functions, or otherwise prevent our external business partners, suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution, sale, and support of our products, which could adversely impact our results.

On March 13, 2020, the President of the United States announced a National Emergency relating to COVID-19. There is a possibility of widespread infection in the U.S. and abroad, with the potential for catastrophic impact. As a result of these and other effects, we expect COVID-19 to adversely impact our business, which could be material. The impact includes the effect of temporary closures of, and limited hours of operation and materially lower store traffic at, customer stores. The COVID-19 pandemic is also impacting our third-party manufacturers, most of which are located in the Far East, principally China. The extent of the impact of COVID-19 on our business and financial results will depend largely on future developments, including the duration of the spread of the COVID-19 outbreak within the U.S. and globally, the impact on capital and financial markets and the related impact on consumer confidence and spending. These future developments are outside of our control, are highly uncertain and cannot be predicted. If the impact is prolonged, then it can further increase the difficulty of planning for operations.

These and other potential impacts of the current public health crisis could therefore materially and adversely affect our business, financial condition, cash flows and results of operations. This situation is changing rapidly, and additional impacts may arise that we are not currently aware of. Accordingly, the results for the first quarter of fiscal 2021, as well as for the full fiscal 2021, could be impacted in ways that we are not able to predict today, including, but not limited to, non-cash write-downs and asset impairment charges (including impairments of goodwill and other indefinite-lived intangible assets).

Our ability to deliver products to our customers in a timely manner and to satisfy our customers' fulfillment standards are subject to several factors, some of which are beyond our control.

Retailers place great emphasis on timely delivery of our products for specific selling seasons, especially during our third fiscal quarter, and on the fulfillment of consumer demand throughout the year. We cannot control all of the various factors that might affect product delivery to retailers. Vendor production delays, difficulties encountered in shipping from overseas, customs clearance delays, and operational issues with any of the third-party logistics providers we use in certain countries are on-going risks of our business. We also rely upon third-party carriers for our product shipments from our distribution centers to customers. In certain circumstances, we rely on the shipping arrangements our suppliers have made in the case of products shipped directly to retailers from the suppliers. Accordingly, we are subject to risks, including labor disputes, inclement weather, public health crises (such as pandemics and epidemics), natural disasters, possible acts of terrorism, availability of shipping containers, and increased security restrictions associated with the carriers' ability to provide delivery services to meet our shipping needs. Further, our delivery process must often accommodate special vendor requirements to use specific carriers and delivery schedules. Failure to deliver products to our retailers in a timely and effective manner could damage our reputation and brands and result in the loss of customers or reduced orders, which could have a material adverse effect on our business, operating results and financial condition.

Large customers may take actions that adversely affect our gross profit and operating results.

With the continuing trend towards retail trade consolidation, we are increasingly dependent upon key customers whose bargaining strength is substantial and growing. We may be negatively affected by changes in the policies of our customers, such as actions to respond to a public health crisis, on-hand inventory reductions, limitations on access to shelf space, use of private label brands, price and term demands, and other conditions, which could negatively impact our business, operating results and financial condition.

In addition, the growth in e-commerce sales, both by large traditional retailers and pure-play online retailers, has increased the size and influence of these types of customers. Certain of these customers source and sell products under their own private label brands that compete with our products. As certain large customers and online retailers grow even larger and become more sophisticated, they may continue to demand lower pricing, special packaging, shorter lead times for the delivery of products, smaller more frequent shipments, or impose other requirements on product suppliers. These business demands may relate to inventory practices, logistics or other aspects of the customer-supplier relationship. If we do not effectively respond to these demands, these customers could decrease their purchases from us. A reduction in the demand for our products by these customers and the costs of complying with their business demands could have a material adverse effect on our business, operating results and financial condition.

We are subject to risks related to our dependence on the strength of retail economies and may be vulnerable in the event of a prolonged economic downturn, including from the effects of COVID-19.

Our business depends on the strength of the retail economies in various parts of the world, primarily in North America and to a lesser extent EMEA, Asia and Latin America. These retail economies are affected for the most part by factors such as consumer demand and the condition of the retail industry, which, in turn, are affected by general economic conditions and specific events such as natural disasters, public health crises (such as pandemics and epidemics), terrorist attacks and political unrest. Consumer spending in any geographic region is generally affected by a number of factors, including local economic conditions, government actions, inflation, interest rates, energy costs, unemployment rates, gasoline prices, and consumer confidence, all of which are beyond our control. Consumer purchases of discretionary items tend to decline during recessionary periods, when disposable income is lower, and may impact sales of our products. The COVID-19 pandemic has reduced consumer demand, and is expected to continue to do so. Measures imposed or that may in the future be imposed by national, state and local authorities in response to COVID-19 are expected to have serious adverse impacts of uncertain severity and duration on domestic and foreign economies. The effectiveness of economic stabilization efforts, including government payments and loans to affected citizens and industries, is uncertain. Some economists are predicting the U.S. may enter a recession as a result of the pandemic. Any sustained economic downturn in the U.S. or any of the other countries in which we conduct significant business, may cause significant readjustments in both the volume and mix of our product sales, which could materially and adversely affect our business, operating results and financial condition.

Our operating results are dependent on sales to several large customers and the loss of, or substantial decline in, sales to a top customer could have a material adverse effect on our revenues and profitability.

A few customers account for a substantial percentage of our net sales revenue. Our financial condition and operating results could suffer if we lost all or a portion of the sales to any one of these customers. In particular, sales to our two largest customers accounted for approximately 32% of our consolidated net sales revenue in fiscal 2020. While only two customers individually accounted for 10% or more of our consolidated net sales revenue in fiscal 2020, sales to our top five customers in aggregate accounted for approximately 50% of fiscal 2020 consolidated net sales revenue. We expect that a small group of customers will continue to account for a significant portion of our net sales revenue. Although we have long-standing relationships with our major customers, we generally do not have written agreements that require these customers to buy from us or to purchase a minimum amount of our products. A substantial decrease in sales to any of our major customers could have a material adverse effect on our financial condition and operating results. We expect that the creditworthiness of some of our customers may be vulnerable to the impact of the current public health crisis. We regularly monitor and evaluate the credit status of our customers and attempt to adjust sales terms as appropriate. Despite these efforts, a deterioration in the credit worthiness or bankruptcy filing of a key customer could have a material adverse effect on our business, operating results and financial condition.

Expectations regarding recent acquisitions, and any future acquisitions or divestitures, including our ability to realize related synergies, along with our ability to effectively integrate acquired businesses or disaggregate divested businesses, may adversely affect the price of our common stock.

We continue to look for opportunities to make strategic business and/or brand acquisitions. Additionally, we frequently evaluate our portfolio of business products and may consider divestitures or exits of businesses that we no longer believe to be an appropriate strategic fit. Our financial results could be impacted in the event that changes in the cash flows or other market-based assumptions or conditions cause the value of acquired assets to fall below book value, or we are not able to deliver the expected benefits or synergies associated with acquisition transactions, which could also have an impact on associated goodwill and intangible assets. Any acquisition or divestiture, if not favorably received by

consumers, shareholders, analysts, and others in the investment community, could have a material adverse effect on the price of our common stock.

In addition, any acquisition involves numerous risks, including:

- difficulties in the assimilation of the operations, technologies, products, and personnel associated with the acquisitions;
- challenges in integrating distribution channels;
- diversion of management's attention from other business concerns;
- difficulties in transitioning and preserving customer, contractor, supplier, and other important third-party relationships;
- challenges realizing anticipated cost savings, synergies and other benefits related to an acquisition;
- risks associated with subsequent losses or operating asset write-offs, contingent liabilities and impairment of related acquired intangible assets;
- risks of entering markets in which we have no or limited experience; and
- potential loss of key employees associated with the acquisitions.

If our goodwill, indefinite-lived intangible assets or other long-term assets become impaired, we will be required to record impairment charges, which may be significant.

A significant portion of our long-term assets consists of goodwill and other indefinite-lived intangible assets recorded as a result of past acquisitions. We do not amortize goodwill and indefinite-lived intangible assets, but rather review them for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that their carrying value may not be recoverable. If such circumstances or conditions exist, further steps are required in order to determine whether the carrying value of each of the individual assets exceeds its fair market value. If our analysis indicates that an individual asset’s carrying value does exceed its fair market value, the next step is to record a loss equal to the excess of the individual asset’s carrying value over its fair value. The analysis required by GAAP entails significant amounts of judgment and subjectivity.

We complete our analysis of the carrying value of our goodwill and other intangible assets during the fourth quarter of our fiscal year, or more frequently, whenever events or changes in circumstances indicate their carrying value may not be recoverable. Events and changes in circumstances that may indicate there is impairment and which may indicate interim impairment testing is necessary include, but are not limited to: strategic decisions to exit a business or dispose of an asset made in response to changes in economic, political and competitive conditions; the impact of the economic environment on our customer base and on broad market conditions that drive valuation considerations by market participants; our internal expectations with regard to future revenue growth and the assumptions we make when performing our impairment reviews; a significant decrease in the market price of our assets; a significant adverse change in the extent or manner in which our assets are used; a significant adverse change in legal factors or the business climate that could affect our assets; an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset; and significant changes in the cash flows associated with an asset. We analyze these assets at the individual asset, reporting unit and company levels. As a result of such circumstances, we may be required to record a significant charge to net income in our financial statements during the period in which any impairment of our goodwill, indefinite-lived intangible assets or other long-term assets is determined. As a result of such circumstances and the current public health crisis, we may be required to revise certain accounting estimates and judgments such as those related to the valuation of goodwill and other indefinite-lived intangible assets, which could result in material non-cash impairment charges. Any such impairment charges could have a material adverse effect on our results of operations.

We rely on our Chief Executive Officer and a limited number of other key senior officers to operate our business. The loss of any of these individuals could have a material adverse effect on our business.

The loss of our Chief Executive Officer or any of our key senior officers could have a material adverse effect on our business, operating results and financial condition, particularly if we are unable to hire and integrate suitable replacements on a timely basis. Further, as we continue to grow our business, we will continue to adjust our senior management team. If we are unable to attract or retain the right individuals for the team, it could hinder our ability to grow our business and could disrupt our operations or otherwise have a material adverse effect on our business.

We rely on central Global Enterprise Resource Planning ("ERP") systems and other peripheral information systems. Obsolescence or interruptions in the operation of our computerized systems or other information technologies could have a material adverse effect on our operations and profitability.

Our operations are largely dependent on our ERP system. We continuously make adjustments to improve the effectiveness of the ERP and other peripheral information systems, including the installation of significant new subsystems. Any failures or disruptions in the ERP and other information systems or any complications resulting from ongoing adjustments to our systems could cause interruption or loss of data in our information or logistical systems that could materially impact our ability to procure products from our factories and suppliers, transport them to our distribution centers, and store and deliver them to our customers on time and in the correct amounts. In addition, natural disasters or other extraordinary events may disrupt our information systems and other infrastructure, and our data recovery processes may not be sufficient to protect against loss.

Failure to maintain cybersecurity and the integrity of internal or customer data could have a material adverse effect on our operations and profitability and may result in faulty business decisions, operational inefficiencies, damage to our reputation and/or subject us to costs, fines, or lawsuits.

Information systems require constant updates to their security policies and hardware systems to reduce the risk of unauthorized access, malicious destruction of data or information theft. We rely on commercially available systems, software, tools, and monitoring to provide security for processing, transmission and storage of confidential information and data. While we have security measures in place, our systems and networks have been and will continue to be subject to ongoing threats. Therefore, our security measures may be breached as a result of employee error, failure to implement appropriate processes and procedures, advances in computer and software capabilities and encryption technology, new tools and discoveries, malfeasance, third-party action, including cyber-attacks or other international misconduct by computer hackers or otherwise. This could result in one or more third-parties obtaining unauthorized access to our customer or supplier data or our internal data, including personally identifiable information, intellectual property and other confidential business information. Third-parties may also attempt to fraudulently induce employees into disclosing sensitive information such as user names, passwords or other information in order to gain access to customer or supplier data or our internal data, including intellectual property and other confidential business information. Because techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative or mitigation measures. Though it is difficult to determine what harm may directly result from any specific interruption or breach, any failure to maintain performance, reliability, security and availability of our network infrastructure or otherwise to maintain the confidentiality, security, and integrity of data that we store or otherwise maintain on behalf of third-parties may harm our reputation and our customer and consumer relationships.

If such unauthorized disclosure or access does occur, we may be required to notify our customers, consumers, or those persons whose information was improperly used, disclosed or accessed. We may also be subject to claims of breach of contract for such use or disclosure, investigation and penalties by

regulatory authorities and potential claims by persons whose information was improperly used or disclosed. We could also become the subject of regulatory action or litigation from our consumers, customers, employees, suppliers, service providers, and shareholders, which could damage our reputation, require significant expenditures of capital and other resources, and cause us to lose business and revenue. Additionally, an unauthorized disclosure or use of information could cause interruptions in our operations and might require us to spend significant management time and other resources investigating the event and dealing with local and federal law enforcement. Regardless of the merits and ultimate outcome of these matters, we may be required to devote time and expense to their resolution. In addition, the increase in the number and the scope of data security incidents has increased regulatory and industry focus on security requirements and heightened data security industry practices. New regulation, evolving industry standards, and the interpretation of both, may cause us to incur additional expense in complying with any new data security requirements. As a result, the failure to maintain the integrity of and protect customer or supplier data or our internal data could have a material adverse effect on our business, operating results and financial condition.

Recent global legal developments regarding privacy and data security could result in changes to our business practices, penalties, increased cost of operations, or otherwise harm our business.

As a global company, we are subject to global privacy and data security laws, regulations, and codes of conduct that apply to our various business units. These laws and regulations may be inconsistent across jurisdictions and are subject to evolving and differing interpretations. Government regulators, privacy advocates and class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business.

Globally, new and emerging laws, such as the General Data Protection Regulation in Europe, state laws in the U.S. on privacy, data and related technologies, such as the California Consumer Privacy Act, as well as industry self-regulatory codes create new compliance obligations and expand the scope of potential liability, either jointly or severally with our customers and suppliers. While we have invested in readiness to comply with applicable requirements, these new and emerging laws, regulations and codes may affect our ability to reach current and prospective consumers, to respond to consumer requests under the laws (such as individual rights of access, correction, and deletion of their personal information), and to implement our business models effectively. The costs of compliance or failure to comply with such laws, regulations, codes of conduct and expectations could have a material adverse impact on our financial condition and results of operations.

Our operating results may be adversely affected by foreign currency exchange rate fluctuations.

Our functional currency is the U.S. Dollar. Changes in the relation of other foreign currencies to the U.S. Dollar will affect our sales and profitability and can result in exchange losses because we have operations and assets located outside the U.S. We transact a portion of our international business in currencies other than the U.S. Dollar (“foreign currencies”). Such transactions include sales, certain inventory purchases and operating expenses. As a result, portions of our cash, trade accounts receivable and trade accounts payable are denominated in foreign currencies. Accordingly, foreign operations will continue to expose us to foreign currency fluctuations, both for purposes of actual conversion and financial reporting purposes. Additionally, we purchase a substantial amount of our products from Chinese manufacturers in U.S Dollars. The Chinese Renminbi has fluctuated against the U.S. Dollar in recent years. During fiscal 2020 the Chinese Renminbi weakened against the U.S. dollar by approximately 5.0%. Chinese Renminbi currency fluctuations have the potential to add volatility to our product costs over time.

Where operating conditions permit, we seek to reduce foreign currency risk by purchasing most of our inventory with U.S. Dollars and by converting cash balances denominated in foreign currencies to U.S. Dollars. We use derivative financial instruments including forward contracts, cross currency debt swaps and zero-cost collars to hedge against certain foreign currency exchange rate-risk inherent in our transactions denominated in currencies other than the U.S. Dollar. We enter into these types of

agreements to partially mitigate our exposure to foreign currency exchange risk. It is not practical for us to hedge all our exposures, nor are we able to accurately project the possible effect of all foreign currency fluctuations on translated amounts or future net income due to our constantly changing exposure to various currencies, the fact that each foreign currency reacts differently to the U.S. Dollar and the significant number of currencies involved.

The impact of future foreign currency exchange rate fluctuations on our results of operations cannot be accurately predicted. Accordingly, there can be no assurance that foreign currency exchange rates:

- will be stable in the future;
- can be mitigated with currency hedging or other risk management strategies; or
- will not have a material adverse effect on our business, operating results and financial condition.

Our judgments regarding the accounting for tax positions and the resolution of tax disputes may impact our net earnings and cash flow.

Significant judgment is required to determine our effective tax rate and evaluate our tax positions. We provide for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement criteria prescribed by applicable accounting standards. Fluctuations in federal, state, local and foreign taxes or a change to uncertain tax positions, including related interest and penalties, may impact our effective tax rate and financial results. Additionally, we are subject to audits in the various taxing jurisdictions in which we conduct business. In cases where audits are conducted and issues are raised, a number of years may elapse before such issues are finally resolved. Unfavorable resolution of any tax matter could increase the effective tax rate, which could have an adverse effect on our operating results and cash flow. For additional information regarding our taxes, see Note 22 to the accompanying consolidated financial statements.

Changes in laws, including tax laws, and the costs and complexities of compliance with such laws could have a material adverse impact on our business.

The impact of future legislation in the U.S. or abroad, including such things as employment and health insurance laws, climate change related legislation, tax legislation, regulations or treaties is always uncertain. Federal and local legislative agendas from time to time contain numerous proposals dealing with taxes, financial regulation, energy policy, environmental policy, transportation policy and infrastructure policy, among others that, if enacted into law, could increase our costs of doing business.

As additional regulatory guidance is issued by the applicable taxing authorities, accounting treatment is clarified, we perform additional analysis on the application of the law, and we refine estimates in calculating the effect, our final analysis may be different from provisional amounts, which could materially affect our tax obligations and effective tax rate in the period completed.

Under current tax law, favorable tax treatment of our non-U.S. income is dependent on our ability to avoid classification as a Controlled Foreign Corporation. Changes in the composition of our stock ownership could have an impact on our classification. If our classification were to change, it could have a material adverse effect on the largest U.S. shareholders and, in turn, on our business.

A non-U.S. corporation, such as ours, will constitute a “controlled foreign corporation” or “CFC” for U.S. federal income tax purposes if its largest U.S. shareholders together own more than 50 percent of the stock outstanding. A U.S. shareholder is defined as any U.S. person who owns directly, indirectly, or constructively: (1) 10 percent or more of the total combined voting power of all classes of stock, or (2) 10 percent or more of the total value of shares of all classes of stock. If the IRS or a court determined that we were a CFC at any time during the tax year, then each of our U.S. shareholders as defined above would be required to include in gross income for U.S. federal income tax purposes its pro rata share of our “subpart F income” (and the subpart F income of any of our subsidiaries determined to be a CFC) for

the period during which we (and our non-U.S. subsidiaries) were deemed a CFC. In addition, any gain on the sale of our shares realized by such a shareholder may be treated as ordinary income to the extent of the shareholder's proportionate share of our and our CFC subsidiaries' undistributed earnings and profits accumulated during the shareholder's holding period of the shares while we were deemed to be a CFC.

Legislation enacted in Bermuda and Barbados in response to the European Union's review of harmful tax competition could adversely affect our operations.

In December 2017, the EU Economic and Financial Affairs Council ("ECOFIN") released a list of non-cooperative jurisdictions for tax purposes. The stated aim of this list, and accompanying report, was to promote good governance worldwide in order to maximize efforts to prevent tax fraud and tax evasion. Our jurisdiction of organization is Bermuda and one of our subsidiaries is organized in Barbados, two of the countries identified in the ECOFIN report. In light of recent "economic substance" legislation in Bermuda and Barbados (discussed in more detail below), ECOFIN has declared that both countries now "cooperate with the EU" and are considered to have "implemented all commitments."

The economic substance legislation in each of Bermuda and Barbados requires certain entities engaged in "relevant activities" in that country to maintain a substantial economic presence in the country, and to satisfy economic substance requirements. The list of "relevant activities" in the respective statutes includes carrying on as a business any one or more of several enumerated activities, such as headquarters, shipping, distribution and service center, intellectual property and holding entities. Any entity that is required to satisfy economic substance requirements must file a declaration with the Bermuda Registrar of Companies and the Ministry of International Business and Industry in Barbados, as applicable. Failure to comply with the economic substance requirements could result in automatic disclosure of relevant information to competent authorities in the EU (and perhaps elsewhere). Other sanctions include financial penalties, restriction or regulation of business activities and/or being struck off as a registered entity in Bermuda or Barbados.

Although the local authorities have released some implementing guidelines, the impact of the foregoing legislation and developments is unclear, including how the requirements will be measured and whether additional or revised requirements may be enacted by Bermuda or Barbados. We are evaluating the guidelines and will be implementing changes as needed to comply with the legislation. However, we cannot predict the effect of Bermuda's or Barbados's current or future economic substance requirements on our business, which may impact the manner and jurisdictions in which we operate, and which could adversely affect our business, financial condition or results of operations.

Our business is subject to weather conditions, the duration and severity of the cold and flu season and other related factors, which can cause our operating results to vary from quarter to quarter and year to year.

Sales in our Health & Home segment are influenced by weather conditions. Sales volumes for thermometry, humidifiers and heating appliances are higher during, and subject to, the severity of the cold weather months, while sales of fans and insect control devices are higher during, and subject to, weather conditions in spring and summer months. Weather conditions can also more broadly impact sales across the organization. Additionally, natural disasters (such as wildfires, hurricanes and ice storms), public health crises (such as pandemics and epidemics), or unusually severe winter weather may result in temporary unanticipated fluctuations in retail traffic and consumer demand, may impact our ability to staff our distribution facilities or could otherwise impede timely transport and delivery of products from our distribution facilities. Sales in our Health & Home segment are also impacted by cough, cold and flu seasonal trends, including the duration and severity of the cold and flu season. These factors could have a material adverse effect on our business, operating results and financial condition.

We are dependent on third-party manufacturers, most of which are located in the Far East, and any inability to obtain products from such manufacturers could have a material adverse effect on our business, operating results and financial condition.

All of our products are manufactured by unaffiliated companies, most of which are in the Far East, principally in China. For fiscal 2020, finished goods manufactured in the Far East comprised approximately 76% of total finished goods purchased. This concentration exposes us to risks associated with doing business globally, including: global public health crises (such as pandemics and epidemics); changing international political relations; labor availability and cost; changes in laws, including tax laws, regulations and treaties; changes in labor laws, regulations and policies; changes in customs duties, additional tariffs and other trade barriers; changes in shipping costs; currency exchange fluctuations; local political unrest; an extended and complex transportation cycle; the impact of changing economic conditions; and the availability and cost of raw materials and merchandise. The political, legal and cultural environment in the Far East is rapidly evolving, and any change that impairs our ability to obtain products from manufacturers in that region, or to obtain products at marketable rates, could have a material adverse effect on our business, operating results and financial condition.

The current global public health crisis has disrupted our ability to receive manufactured products from the Far East and has disrupted our suppliers located elsewhere who rely on products from the Far East. Temporary factory closures and the pace of workers returning to work could further impact our suppliers' ability to source certain raw materials and to produce and fulfill finished goods orders in a timely manner. If we continue to experience supply disruptions as a result of the global public health crisis, we may not be able to develop short-term sourcing alternatives. Any disruption to our supply chain, even for a relatively short period of time, could cause a loss of revenue, which could adversely affect our operating results.

With most of our manufacturers located in the Far East, our production lead times are relatively long. Therefore, we must commit to production in advance of customer orders. If we fail to forecast customer or consumer demand accurately, we may encounter difficulties in filling customer orders on a timely basis or in liquidating excess inventories. We may also find that customers are canceling orders or returning products. Any of these results could have a material adverse effect on our business, operating results and financial condition.

Increased costs of raw materials and energy may adversely affect our operating results and cash flow.

Significant increases in the costs and availability of raw materials and energy may negatively affect our operating results. Our suppliers purchase significant amounts of metals and plastics to manufacture our products. In addition, they also purchase significant amounts of electricity to supply the energy required in their production processes. Middle East tensions and related political instabilities may drive up fuel prices resulting in higher transportation prices and product costs.

The cost of these raw materials and energy, in the aggregate, represents a significant portion of our cost of goods sold and certain operating expenses, which we may not be able to pass on to our customers. Our operating results could be adversely affected by future increases in these costs. Additionally, the loss or disruption of essential manufacturing and supply elements such as raw materials or other finished product components, restricted transportation or increased freight costs, reduced workforce, or other manufacturing and distribution disruption could adversely impact our ability to meet our customers' needs.

If significant tariffs or other restrictions are placed on imports from China or any retaliatory trade measures are taken by China, our business and results of operations could be materially and adversely affected.

We purchase our products from unaffiliated manufacturers, most of which are located in China, Mexico and the U.S. This concentration exposes us to risks associated with doing business globally, including changes in tariffs. Any alteration of trade agreements and terms between China and the U.S., including limiting trade with China, imposing additional tariffs on imports from China and potentially imposing other restrictions on exports from China to the U.S. may result in further and or higher tariffs, or retaliatory trade measures by China, all of which could have a material adverse effect on our business and operating results.

Certain of our U.S. distribution facilities are geographically concentrated and operate during peak shipping periods at or near capacity. These factors increase our risk that disruptions could occur and significantly affect our ability to deliver products to our customers in a timely manner. Such disruptions could have a material adverse effect on our business.

Most of our U.S. distribution, receiving and storage functions are consolidated into two distribution facilities in northern Mississippi. Approximately 67% of our consolidated gross sales volume shipped from facilities in this region in fiscal 2020. For this reason, any disruption in our distribution process in either of these facilities, even for a few days, could adversely affect our business, operating results and financial condition. For example, in connection with the current public health crisis, government mandated or suggested isolation protocols could limit or disrupt the distribution process at either facility, or even cause the closure of either facility, which could have a material adverse effect on our business, operating results and financial condition.

Additionally, our U.S. distribution operations may incur capacity constraints during peak shipping periods as we continue to grow our sales revenue through a combination of organic growth and acquisitions. These and other factors described above could cause delays in the delivery of our products and increases in shipping and storage costs that could have a material and adverse effect on our business, operating results and financial condition.

Our projections of product demand, sales and net income are highly subjective in nature and our future sales and net income could vary in a material amount from our projections.

From time to time, we may provide financial projections to our shareholders, lenders, investment community, and other stakeholders of our future sales and net income. Since we do not require long-term purchase commitments from our major customers and the customer order and ship process is very short, it is difficult for us to accurately predict the demand for many of our products, or the amount and timing of our future sales, related net income and cash flows.

Our projections are based on management's best estimate of sales using historical sales data and other relevant information available at the time. These projections are highly subjective since sales to our customers can fluctuate substantially based on the demand of their retail consumers and related ordering patterns, as well as other risks described in this report. Additionally, changes in retailer inventory management strategies could make our inventory management more difficult. Due to these factors, our future sales and net income could vary materially from our projections.

The extent of the impact of the current public health crisis on our business and financial results will depend largely on future developments, including the duration of the spread of the COVID-19 outbreak within the U.S. and globally, the impact on capital and financial markets and the related impact on consumer confidence and spending, all of which are highly uncertain and cannot be predicted. Consequently, these and other potential impacts could also cause future sales and net income to vary materially from our projections. This situation is changing rapidly, and additional impacts may arise that we are not currently aware of.

We rely on licensed trademarks from third parties and license certain trademarks to third parties in exchange for royalty income, the loss of which could have a material adverse effect on our revenues and profitability.

A substantial portion of our sales revenue comes from selling products under licensed trademarks, particularly in the Beauty and Health & Home segments. As a result, we are dependent upon the continued use of these trademarks. Additionally, we license certain owned trademarks to third parties in exchange for royalty income. It is possible that certain actions taken by us, our licensors, licensees, or other third parties might diminish greatly the value of any of our licensed trademarks. Some of our licensors and licensees also have the ability to terminate their license agreements with us at their option subject to each parties' right to continue the license for a limited period of time following notice of termination. If we or our licensees were unable to sell products under these licensed trademarks, or one or more of our license agreements were terminated or the value of the trademarks were diminished, the effect on our business, operating results and financial condition could be both negative and material.

To compete successfully, we must develop and introduce a continuing stream of innovative new products to meet changing consumer preferences.

Our long-term success in the competitive retail environment depends on our ability to develop and commercialize a continuing stream of innovative new products that meet changing consumer preferences and take advantage of opportunities sooner than our competition. We face the risk that our competitors will introduce innovative new products that compete with our products. There are numerous uncertainties inherent in successfully developing and commercializing new products on a continuing basis and new product launches may not deliver expected growth in sales or operating income. Additionally, the effects of COVID-19 could delay our development or introduction of new products or require us to make unexpected changes to our products. If we are unable to develop and introduce a continuing stream of competitive new products, it may have an adverse effect on our business, operating results and financial condition.

Our operating results may be adversely affected by trade barriers, exchange controls, expropriations, and other risks associated with domestic and foreign operations.

The economies of foreign countries important to our operations, including countries in Asia, EMEA and Latin America, could suffer slower economic growth or economic, social and/or political instability or hyperinflation in the future. Our international operations in countries in Asia, EMEA and Latin America, including manufacturing and sourcing operations (and the international operations of our customers), are subject to inherent risks which could adversely affect us. Additionally, there may be uncertainty resulting from recent political changes in the U.S. and abroad, the Brexit transition in the United Kingdom (the "U.K."), ongoing terrorist activity, and other global events. The exit of the U.K. from European Union (the "EU") membership (commonly referred to as "Brexit") could cause disruptions to and create uncertainty surrounding our business, including affecting our relationships with our existing and future customers, suppliers and employees, which could have an adverse effect on our business, financial results and operations. These factors are outside of our control, but may nonetheless cause us to adjust our strategy in order to compete effectively in global markets.

The domestic and foreign risks of these changes include, among other things:

- protectionist policies restricting or impairing the manufacturing, sales or import and export of our products;
- new restrictions on access to markets;
- lack of required infrastructure;
- inflation (including hyperinflation) or recession;
- changes in, and the burdens and costs of compliance with, a variety of U.S. and foreign laws and regulations, including tax laws, accounting standards, environmental laws, and occupational health and safety laws;

- social, political or economic instability;
- acts of war and terrorism;
- natural disasters and public health crises, such as pandemics and epidemics (including COVID-19);
- reduced protection of intellectual property rights in some countries;
- increases in duties and taxation;
- restrictions on transfer of funds or exchange of currencies;
- currency devaluations;
- expropriation of assets; and
- other adverse changes in policies, including monetary, tax or lending policies, encouraging foreign investment or foreign trade by our host countries.

Should any of these events occur, our ability to sell or export our products or repatriate profits could be impaired, we could experience a loss of sales and profitability from our domestic or international operations, and/or we could experience a substantial impairment or loss of assets, any of which could materially and adversely affect our business, operating results and financial condition.

Our liquidity may be materially adversely affected by constraints in the capital and credit markets and limitations under our financing arrangements.

We need sufficient sources of liquidity to fund our working capital requirements, service our outstanding indebtedness and finance business opportunities. Without sufficient liquidity, we could be forced to curtail our operations, or we may not be able to pursue business opportunities. The principal sources of our liquidity are funds generated from operating activities, available cash, credit facilities, and other debt arrangements. If our sources of liquidity do not satisfy our requirements, we may need to seek additional financing. The future availability of financing will depend on a variety of factors, such as economic and market conditions, the reaction by banks and financial institutions to a public health crisis (such as pandemics and epidemics), the regulatory environment for banks and other financial institutions, the availability of credit and our reputation with potential lenders. Further, disruptions in national and international credit markets could result in limitations on credit availability, tighter lending standards, higher interest rates on consumer and business loans, and higher fees associated with obtaining and maintaining credit availability. Disruptions may also materially limit consumer credit availability and restrict credit availability to us and our customer base. In addition, in the event of disruptions in the financial markets, current or future lenders may become unwilling or unable to continue to advance funds under any agreements in place, increase their commitments under existing credit arrangements or enter into new financing arrangements. These factors could materially adversely affect our liquidity, costs of borrowing and our ability to pursue business opportunities or grow our business, and threaten our ability to meet our obligations as they become due. In addition, covenants in our debt agreements could restrict or delay our ability to respond to business opportunities, or in the event of a failure to comply with such covenants, could result in an event of default, which if not cured or waived, could have a material adverse effect on us.

Our business involves the potential for product recalls, product liability and other claims against us, which could materially and adversely affect our business, operating results and financial condition.

We are, from time to time, involved in various claims, litigation matters and regulatory proceedings that arise in the ordinary course of our business and that could have a material adverse effect on us. These matters may include personal injury and other tort claims, deceptive trade practice disputes, intellectual property disputes, product recalls, contract disputes, warranty disputes, employment and tax matters and other proceedings and litigation, including class actions. It is not possible to predict the outcome of pending or future litigation. As with any litigation, it is possible that some of the actions could be decided unfavorably, resulting in significant liability and, regardless of the ultimate outcome, can be costly to defend. Our results and our business could also be negatively impacted if one of our brands suffers substantial damage to its reputation due to a significant product recall or other product-related litigation

and if we are unable to effectively manage real or perceived concerns about the safety, quality, or efficacy of our products.

We also face exposure to product liability and other claims in the event that one of our products is alleged to have resulted in property damage, bodily injury or other adverse effects. Although we maintain liability insurance in amounts that we believe are reasonable, that insurance is, in most cases, subject to large self-insured retentions for which we are responsible. We cannot provide assurance that we will be able to maintain such insurance on acceptable terms, if at all in the future, or that product liability or other claims will not exceed the amount of insurance coverage, or that all such matters would be covered by our insurance. As a result, these types of claims could have a material adverse effect on our business, operating results and financial condition.

Significant changes in regulations or product certifications could adversely impact our operations.

As a global company, we are subject to U.S. and foreign regulations and industry-specific product certifications. For example, thermometers distributed by our Health and Home segment must comply with various regulations governing the production and distribution of medical devices. These regulations could vary from country to country. Significant new regulations or material changes to existing regulations could delay or interrupt distribution of our products in certain countries. Additionally, we cannot guarantee that our products will receive regulatory approval in all countries. Similarly, some of our Beauty segment's customers demand that our Beauty appliances comply with various safety certifications, including UL certifications.   Significant new certification requirements or changes to existing certification requirements could delay or interrupt distribution of our products, or make them more costly to produce.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of February 29, 2020, we own, lease or otherwise utilize through third-party management service agreements various properties worldwide for sales, procurement, research and development, administrative and distribution facilities. Our U.S. headquarters are located in El Paso, Texas, and we have two main distribution facilities in Southaven and Olive Branch, Mississippi, which service all of our segments. We believe our facilities are adequate to conduct our business.

Item 3. Legal Proceedings

We are involved in various legal claims and proceedings in the normal course of operations. In the opinion of management, the outcome of these matters will not have a material adverse effect on our consolidated financial position, operating results or liquidity. See Note 15 to the accompanying consolidated financial statements for a further discussion.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Market Information for Common Stock

Our common stock is listed on the NASDAQ Global Select Market under symbol: HELE.

Approximate Number of Equity Security Holders of Record

Our common stock is our only class of equity security outstanding at February 29, 2020. As of April 22, 2020, there were 136 holders of record of our common stock. A substantially greater number of holders of our common stock are "street name" or beneficial holders whose shares are held of record by banks, brokers and other financial institutions.

Cash Dividends

Our current policy is to retain earnings to provide funds for the operation and expansion of our business, common stock repurchases and for potential acquisitions. We have not paid any cash dividends on our common stock since inception. Any change in dividend policy will depend upon future conditions, including earnings and financial condition, general business conditions, any applicable contractual limitations, and other factors deemed relevant by our Board of Directors.

Issuer Purchases of Equity Securities

In May 2019, we announced that our Board of Directors had authorized the repurchase of up to $400 million of our outstanding common stock. The authorization is effective May 8, 2019 for a period of three years and replaced Helen of Troy's previous repurchase authorization, of which approximately $107.4 million remained. These repurchases may include open market purchases, privately negotiated transactions, block trades, accelerated stock repurchase transactions, or any combination of such methods. The number of shares purchased and the timing of the purchases will depend on a number of factors, including share price, trading volume and general market conditions, working capital requirements, general business conditions, financial conditions, any applicable contractual limitations, and other factors, including alternative investment opportunities. See Note 13 to the accompanying consolidated financial statements for additional information.

Our current equity-based compensation plans include provisions that allow for the "net exercise" of share-settled awards by all plan participants. In a net exercise, any required payroll taxes, federal withholding taxes and exercise price of the shares due from the equity holder can be paid for by having the equity holder tender back to the Company a number of shares at fair value equal to the amounts due. Net exercises are treated as purchases and retirements of shares.

Share repurchase activity during the three-month period ended February 29, 2020, was as follows:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in thousands) (2)
December 1 through December 31, 2019	171	$ 158.40	171	$ 392,986
January 1 through January 31, 2020	34	188.32	34	392,979
February 1 through February 29, 2020	—	—	—	392,979
Total	205	$ 163.36	205	

(1) The number of shares above includes shares of common stock acquired from employees who tendered shares to: 1) satisfy the tax withholding on equity awards as part of our long-term incentive plans or 2) satisfy the exercise price on stock option exercises. For the three-month period ended February 29, 2020 and the full fiscal year 2020, 205 and 77,272 shares were acquired from employees at a weighted average per share price of $163.36 and $131.61, respectively.

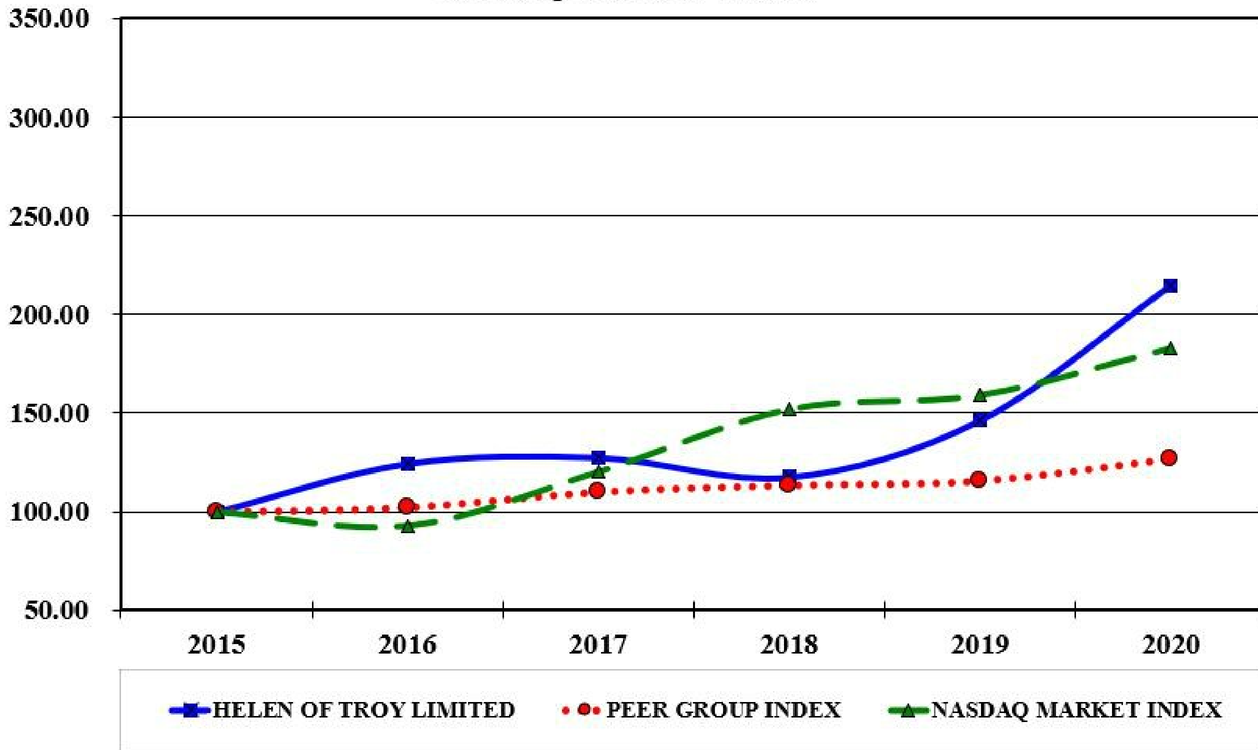
(2) Reflects the remaining dollar value of shares that may yet be purchased under our Stock Repurchase Plan through the end of February 29, 2020 as authorized by the Company's Board of Directors in May 2019. For additional information, see Note 13 to the accompanying consolidated financial statements.

The following table summarizes our share repurchase activity for the periods shown:

(in thousands, except share and per share data)	**Fiscal Years Ended Last Day of February,**		
	2020	**2019**	**2018**
Common stock repurchased on the open market:			
Number of shares	**—**	1,875,469	717,300
Aggregate value of shares	**$ —**	$ 212,080	$ 65,795
Average price per share	**$ —**	$ 113.08	$ 91.73
Common stock received in connection with share-based compensation:			
Number of shares	**77,272**	59,024	75,785
Aggregate value of shares	**$ 10,169**	$ 5,413	$ 7,258
Average price per share	**$ 131.61**	$ 91.70	$ 95.77

Performance Graph

The graph below compares the cumulative total return of our Company to the NASDAQ Market Index and a Peer Group Index, assuming $100 was invested on February 27, 2015. The Peer Group Index is the Dow Jones - U.S. Personal Products, Broad Market Cap, Yearly, and Total Return Index. The comparisons in this table are required by the SEC and are not intended to forecast or be indicative of the possible future performance of our common stock.



The Performance Graph shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to the liabilities of Section 18 under the Exchange Act. In addition, it shall not be deemed incorporated by reference by any statement that incorporates this annual report on Form 10-K by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that we specifically incorporate this information by reference.

Item 6. Selected Financial Data

The selected consolidated statements of income and cash flow data for fiscal 2020, 2019 and 2018, and the selected consolidated balance sheet data as of the end of fiscal 2020 and 2019, have been derived from our audited consolidated financial statements included in this report. The selected consolidated statements of income and cash flow data for fiscal 2017 and 2016, and the selected consolidated balance sheet data as of the end of fiscal 2018, 2017 and 2016, have been derived from our audited consolidated financial statements, which are not included in this report. This information should be read together with the discussion in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and notes to those statements included in this report. All currency amounts are denominated in U.S. Dollars.

In December 2017, we sold our former Nutritional Supplements segment. The operating results of this segment are presented as discontinued operations for all applicable periods presented. Additional information related to the sale of our former Nutritional Supplement segment is included in Note 6 to the accompanying consolidated financial statements.

In January 2020, we completed the acquisition of Drybar Products LLC ("Drybar Products"), for approximately $255.9 million in cash, subject to certain customary closing adjustments. Fiscal 2020 includes approximately five weeks of operating results in the Beauty segment. See Note 9 to the accompanying consolidated financial statements.

In the fourth quarter of fiscal 2020, we committed to a plan to divest certain assets within our mass market personal care business. We expect the divestiture to occur within fiscal 2021. Accordingly, we have classified the identified assets of the disposal group as held for sale as of February 29, 2020. See Note 5 to the accompanying consolidated financial statements.

(in thousands, except per share data)	2020 (1)(2)(3)	2019 (1)(2)	2018 (1)(2)(4)	2017 (1)(2)(4)(5)	2016 (1)(2)(5)
Income Statement Data:					
Housewares	**$ 640,965**	$ 523,807	$ 459,004	$ 418,558	311,023
Health & Home	**685,397**	695,217	674,062	626,982	637,427
Beauty	**381,070**	345,127	345,779	351,995	434,943
Sales revenue, net	**1,707,432**	1,564,151	1,478,845	1,397,535	1,383,393
Gross profit	**734,466**	641,106	611,199	573,416	516,551
Asset impairment charges	**41,000**	—	15,447	2,900	6,000
Restructuring charges	**3,313**	3,586	1,857	—	—
Operating income	**178,251**	199,379	169,062	169,664	116,294
Interest expense	**12,705**	11,719	13,951	14,361	10,581
Income tax expense	**13,607**	13,776	26,556	11,407	13,021
Income from continuing operations	**152,333**	174,224	128,882	144,310	92,991
Income (loss) from discontinued operations, net of tax	**—**	(5,679)	(84,436)	(3,621)	8,237
Net income	**152,333**	168,545	44,446	140,689	101,228
Earnings (loss) per share - basic					
Continuing operations	**$ 6.06**	$ 6.68	$ 4.76	$ 5.24	$ 3.29
Discontinued operations	**—**	(0.22)	(3.12)	(0.13)	0.29
Net income	**$ 6.06**	$ 6.46	$ 1.64	$ 5.11	$ 3.58
Earnings (loss) per share - diluted					
Continuing operations	**$ 6.02**	$ 6.62	$ 4.73	$ 5.17	$ 3.23
Discontinued operations	**—**	(0.22)	(3.10)	(0.13)	0.29
Net income	**$ 6.02**	$ 6.41	$ 1.63	$ 5.04	$ 3.52
Weighted average shares outstanding - basic	**25,118**	26,073	27,077	27,522	28,273
Weighted average shares outstanding - diluted	**25,322**	26,303	27,254	27,891	28,749
Cash Flow Data from Continuing Operations:					
Depreciation and amortization	**$ 37,409**	$ 29,927	$ 33,730	$ 36,175	$ 34,889
Net cash provided by operating activities	**271,293**	200,568	218,609	212,491	170,263
Capital and intangible asset expenditures	**17,759**	26,385	13,605	15,507	16,676
Payments to acquire businesses, net of cash acquired	**255,861**	—	—	209,267	43,150
Repurchases of common stock(8)	**10,169**	217,493	73,053	75,595	106,411
Net amounts borrowed (repaid)	**16,900**	29,900	(197,000)	(133,200)	190,700

(in thousands)	2020 (1)(2)(3)	2019 (1)(2)	2018 (1)(2)(4)	2017 (1)(2)(4)(5)	2016 (1)(2)(5)
Balance Sheet Data from Continuing Operations:					
Working capital (6)(7)	**$ 343,940**	$ 292,828	$ 258,222	$ 267,896	$ 487,861
Goodwill and other intangible assets(6)(7)	**1,040,853**	893,846	905,235	938,324	762,879
Total assets (6)(7)	**1,903,883**	1,649,535	1,623,717	1,616,235	1,639,673
Long-term debt, excluding current maturities	**337,421**	318,900	287,985	461,211	600,107
Stockholders' equity (8)	**1,161,723**	996,637	1,014,459	1,020,766	930,043

(1) We adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) in the first quarter of fiscal 2019 and have reclassified amounts in the prior year's statements of income to conform to the current period's presentation. For additional information see Note 3 to the accompanying consolidated financial statements.

(2) In December 2017, we divested our former Nutritional Supplements segment, which is reported as discontinued operations. For additional information see Note 6 to the accompanying consolidated financial statements.

(3) Fiscal 2020 includes approximately five weeks of operating results from the acquisition of Drybar Products, acquired on January 23, 2020, for a net cash purchase of approximately $255.9 million. For additional information see Note 9 to the accompanying consolidated financial statements.

(4) Fiscal 2017 includes eleven and one-half months of operating results from the acquisition of Hydro Flask, acquired for a net cash purchase price of $209.3 million. Fiscal 2018 and thereafter includes a full year of operating results.

(5) Fiscal 2016 includes eleven months of operating results from the Vicks VapoSteam inhalant business acquired for a net cash purchase price of $42.8 million. Fiscal 2017 and thereafter includes a full year of operating results.

(6) In the fourth quarter of fiscal 2020, we committed to a plan to divest certain assets within our mass market personal care business. We expect the divestiture to occur within fiscal 2021. Fiscal 2020 includes assets classified as "held for sale" of $44.8 million related to our mass market personal care business.

(7) Fiscal 2016 includes certain reclassifications to conform with fiscal 2017 adopted accounting changes.

(8) During fiscal 2020, 2019, 2018, 2017 and 2016, we repurchased and retired 77,272, 1,934,493, 793,085, 929,017, and 1,244,090 shares of common stock having total cost of $10.2, $217.5, $73.1, $75.6, and $106.4 million, respectively.

Information Regarding Forward-Looking Statements

Certain written and oral statements in this Form 10-K may constitute "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. This includes statements made in this report, in other filings with the Securities and Exchange Commission (the "SEC"), in press releases, and in certain other oral and written presentations. Generally, the words "anticipates", "believes", "expects", "plans", "may", "will", "should", "seeks", "estimates", "project", "predict", "potential", "continue", "intends", and other similar words identify forward-looking statements. All statements that address operating results, events or developments that may occur in the future, including statements related to sales, earnings per share ("EPS") results, and statements expressing general expectations about future operating results and the effect of the outbreak of a novel strain of the coronavirus (COVID-19) on our financial results, cash flows and operations, are forward-looking statements and are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and assumptions, but there can be no assurance that we will realize our expectations or that our assumptions will prove correct. Forward-looking statements are subject to risks that could cause them to differ materially from actual results. Accordingly, we caution readers not to place undue reliance on forward-looking statements. We believe that these risks include but are not limited to the risks described in this report under Item 1A., “Risk Factors” and that are otherwise described from time to time in our SEC reports as filed. We undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise.

Item 7. 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 ("MD&A") should be read in conjunction with the other sections of this report, including Part I, Item 1., "Business"; Part II, Item 6., "Selected Financial Data"; and Part II, Item 8., "Financial Statements and Supplementary Data." The various sections of this MD&A contain a number of forward-looking statements, all of which are based on our current expectations. Actual results may differ materially due to a number of factors, including those discussed in Item 1A.,"Risk Factors," and in the section entitled "Information Regarding Forward-Looking Statements," preceding this MD&A, and in Item 7A., "Quantitative and Qualitative Disclosures About Market Risk." Throughout MD&A, we refer to our Leadership Brands, which are brands that have number-one and number-two positions in their respective categories and include OXO, Honeywell, Braun, PUR, Hydro Flask, Vicks, Hot Tools and Drybar.

This MD&A, including the tables under the headings "Operating income, operating margin, adjusted operating income (non-GAAP) and adjusted operating margin (non-GAAP) by segment" and "Income from continuing operations, diluted earnings per share ("EPS") from continuing operations, adjusted income from continuing operations (non-GAAP), adjusted diluted EPS from continuing operations (non-GAAP) and core and non-core adjusted diluted EPS from continuing operations (non-GAAP)" respectively, reports operating income, operating margin, income from continuing operations and diluted earnings per share from continuing operations without the impact of non-cash asset impairment charges, acquisition-related expenses, restructuring charges, the TRU bankruptcy charge, tax reform, amortization of intangible assets, and non-cash share-based compensation for the periods presented, as applicable. These measures may be considered non-GAAP financial information as set forth in SEC Regulation G, Rule 100. The tables reconcile these measures to their corresponding GAAP-based measures presented in our condensed consolidated statements of income. We believe that adjusted operating income, adjusted operating margin, adjusted income from continuing operations, and adjusted diluted EPS from continuing operations provide useful information to management and investors regarding financial and business trends relating to our financial condition and results of operations. We believe that these non-GAAP financial measures, in combination with our financial results calculated in accordance with GAAP, provide investors with additional perspective regarding the impact of such charges on applicable income, margin and earnings per share measures. We also believe that these non-GAAP measures facilitate a more direct comparison of our performance to our competitors. We further believe that including the excluded charges would not accurately reflect the underlying performance of our continuing operations for the period in which the charges are incurred, even though such charges may be incurred and reflected in our GAAP financial results in the near future. The material limitation associated with the use of the non-GAAP financial measures is that the non-GAAP measures do not reflect the full economic impact of our activities. Our adjusted operating income, adjusted operating margin, adjusted income from continuing operations, adjusted diluted EPS from continuing operations and core and non-core adjusted diluted EPS from continuing operations are not prepared in accordance with GAAP, are not an alternative to GAAP financial information and may be calculated differently than non-GAAP financial information disclosed by other companies. Accordingly, undue reliance should not be placed on non-GAAP information.

The non-GAAP measures are discussed further and reconciled to their applicable GAAP based measures contained in this MD&A beginning on page 42.

In addition to the above non-GAAP financial measures, we also refer to a number of financial measures which are not defined under GAAP. We believe these measures provide management and investors with important information that is useful in understanding our business results and trends. The following represents our key financial measures:

- ***Accounts receivable turnover:*** *Twelve-month trailing net sales revenue divided by the average of the current and prior four fiscal quarters' ending accounts receivable balances. This result is divided by 365 days to express turnover in terms of average days outstanding.*

- ***Core business sales:*** *Net sales revenue associated with strategic businesses that we expect to be an ongoing part of our operations.*
- ***Current ratio:*** *Current assets divided by current liabilities at the end of a reporting period, expressed as a ratio.*
- ***EBITDA:*** *Earnings before interest, taxes, depreciation and amortization expense.*
- ***Ending debt to ending equity ratio:*** *Total interest bearing short- and long-term debt divided by shareholders' equity at the end of a reporting period, expressed as a ratio.*
- ***Gross profit margin:*** *Gross profit divided by the related net sales revenue expressed as a percentage.*
- ***Inventory turnover:*** *Trailing twelve month cost of goods sold divided by the average of the current and prior four fiscal quarters' ending inventory balances to express turnover in terms of the number of times per year.*
- ***Leadership Brand net sales:*** *Net sales from brands which have number-one and number-two positions in their respective categories and include OXO, Honeywell, Braun, PUR, Hydro Flask, Vicks, Hot Tools, and Drybar.*
- ***Leverage ratio:*** *Total current and long-term debt plus outstanding letters of credit, divided by EBITDA plus non-cash charges and the proforma effect of acquisitions, as defined in our Credit Agreement.*
- ***Non-Core business sales:*** *Net sales revenue associated with business or assets (including assets held for sale) that we expect to divest within a year of its designation as Non-Core.*
- ***Online net sales:*** *Net sales to pure-play online retailers, distinct online businesses of omni-channel customers and direct to consumers through Company-owned websites.*
- ***Operating margin:*** *Operating income for the Company or a business segment divided by the related net sales revenue for the Company or a business segment.*
- ***Organic business sales (previously referred to as Core business sales):*** *Net sales revenue associated with product lines or brands after the first twelve months from the date the product line or brand was acquired, excluding the impact that foreign currency re-measurement had on reported net sales.*
- ***Return on average equity:*** *Trailing twelve month net income divided by the average of the current and prior four fiscal quarters' ending shareholders' equity.*
- ***SG&A ratio:*** *Total selling, general and administrative expense (SG&A) divided by net sales revenue.*
- ***Working capital:*** *Current assets less current liabilities.*

Overview

We are a leading global consumer products company offering creative products and solutions for our customers through a diversified portfolio of well-recognized and widely-trusted brands. We have built leading market positions through new product innovation, product quality and competitive pricing. We currently operate in three segments consisting of Housewares, Health & Home and Beauty.

In fiscal 2015, we launched a five-year transformational strategy designed to improve the performance of our business segments and strengthen our shared service capabilities. This strategy has driven our decisions on where we will operate and how we will achieve our goals in markets around the world. The overall design of our business and organizational plan is intended to create sustainable and profitable growth and improve organizational capability.

Fiscal 2019 marked the completion of Phase I of our multi-year transformation strategy, which delivered performance across a wide range of measures. We improved organic sales growth by focusing on our Leadership Brands, made strategic acquisitions, became a more efficient operating company with strong global shared services, upgraded our organization and culture, improved inventory turns and return on invested capital, and returned capital to shareholders.

Fiscal 2020 began Phase II of our transformation and is designed to drive the next five years of progress. The long-term objectives of Phase II include improved organic sales growth, continued margin expansion, and strategic and effective capital deployment. We expect Phase II will include continued investment in our Leadership Brands, with a focus on growing them through consumer-centric innovation, expanding them more aggressively outside the United States, and adding new brands through acquisition. We anticipate building further shared service capability and operating efficiency, as well as attracting, retaining, unifying and training the best people.

In fiscal 2018, we announced a restructuring plan (referred to as “Project Refuel”) intended to enhance the performance primarily in the Beauty and former Nutritional Supplements segments. Project Refuel includes charges for a reduction-in-force and the elimination of certain contracts. During the first quarter of fiscal 2019, we expanded Project Refuel to include the realignment and streamlining of our supply chain structure. We are targeting total annualized profit improvements of approximately $9.0 to $11.0 million over the duration of the plan. During fiscal 2020, we incurred $3.3 million of pre-tax restructuring costs related to Project Refuel consisting of employee severance and termination benefits and contract termination costs. We estimate the plan to be completed during fiscal 2021 and expect to incur total restructuring charges of approximately $9.5 million. Restructuring provisions are determined based on estimates prepared at the time the restructuring actions are approved by management and are revised periodically. See Note 14 to the accompanying consolidated financial statements for additional information.

On January 23, 2020, we completed the acquisition of Drybar Products LLC ("Drybar Products"), for approximately $255.9 million in cash, subject to certain customary closing adjustments. Drybar is a fast-growing, innovative, trendsetting prestige hair care and styling brand in the multi-billion-dollar beauty industry. As part of the transaction, we granted a worldwide license to Drybar Holdings LLC, the owner and long-time operator of Drybar blowout salons, to use the Drybar trademark in their continued operation of Drybar salons. The salons will exclusively use, promote, and sell Drybar products globally.

During the fourth quarter of fiscal 2020, we committed to a plan to divest certain assets within our mass channel personal care business. The assets to be disposed of include intangible assets, inventory and fixed assets relating to our mass channel liquids, powder and aerosol products under brands such as Pert, Brut, Sure and Infusium. We expect the divestiture to occur within fiscal 2021. Accordingly, we have classified the identified assets of the disposal group as held for sale. The plan to divest these assets advances our strategy to focus our resources on our Leadership Brands.

Subsequent to the end of fiscal 2020, on March 13, 2020, we entered into an amendment to our Credit Agreement with Bank of America, N.A., as administrative agent, and other lenders (as amended, the "Credit Agreement"). The amendment extended the maturity of the commitment under the Credit Agreement from December 7, 2021 to March 13, 2025. Further, the amendment increased the unsecured revolving commitment from $1.0 billion to $1.25 billion. The amount of the accordion was increased from $200 million to $300 million. The accordion permits the Company to request to increase its borrowing capacity, not to exceed the $300 million commitment in the aggregate, provided certain conditions are met, including lender approval. Following the amendment, borrowings under the Credit Agreement bear interest at either the base rate or LIBOR, plus a margin based on the Net Leverage Ratio (as defined in the Credit Agreement) of 0% to 1.0% and 1.0% to 2.0%, respectively, for base rate and LIBOR borrowings. See Note 16 to the accompanying consolidated financial statements for additional information.

Significant Trends Impacting the Business

Potential Impact of COVID-19

On March 13, 2020, the President of the United States announced a National Emergency relating to COVID-19. There is a possibility of widespread infection in the U.S. and abroad, with the potential for catastrophic impact. As a result of these and other effects, we expect COVID-19 to adversely impact our business, which could be material. The impact includes the effect of temporary closures of, and limited hours of operation and materially lower store traffic at, customer stores. The COVID-19 pandemic is also impacting our third-party manufacturers, most of which are located in the Far East, principally China. The extent of the impact of COVID-19 on our business and financial results will depend largely on future developments, including the duration of the spread of the COVID-19 outbreak within the U.S. and globally, the impact on capital and financial markets and the related impact on consumer confidence and spending. These future developments are outside of our control, are highly uncertain and cannot be predicted. If the impact is prolonged, then it can further increase the difficulty of planning for operations. These and other potential impacts of the current public health crisis could therefore materially and adversely affect our business, financial condition, cash flows and results of operations.

Due to the impacts of COVID-19, we are experiencing favorable demand trends for some of our products, while others are being adversely impacted due to retail store closures and consumer uncertainty. At the end of fiscal 2020, we began to experience increased demand for certain products in our Health & Home segment, particularly thermometers. This trend continued into the beginning of fiscal 2021 and became more pronounced in other product categories such as humidification, water purification and air purification. Additionally, at the beginning of fiscal 2021, we began to experience favorable demand trends for OXO products within our Housewares segment as consumers engage in pantry stocking, cleaning, nesting and cooking at home. Our products that are more discretionary in nature or more dependent on the retail brick and mortar channel are experiencing unfavorable demand trends. All of our products are being adversely impacted by the effect of temporary closures of, and limited hours of operation and materially lower store traffic at, customer stores. We are also experiencing supply chain disruptions with some of our third-party manufacturers, which is adversely affecting our ability to meet consumer demand in product categories where it is strong. Accordingly, we expect that the net effect of COVID-19 will adversely impact our results for the first quarter of fiscal 2021, as well as the full fiscal 2021, and that impact could be material. This situation is changing rapidly, and additional impacts may arise that we are not currently aware of.

As part of a comprehensive approach to preserve our cash flow and adjust our cost structure to lower expected revenue, we have implemented a number of measures that will remain in place until there is greater certainty, a re-opening of retail brick and mortar stores and improved consumer demand. These measures include the following:

- A graduated salary reduction for all associates, including named executive officers and the other members of the Company's executive leadership team;
- A reduction in the cash compensation of the Company's Board of Directors;
- Suspension of merit increases, promotions and new associate hiring until further notice;
- The furlough of associates in specific areas directly tied to sales volume, with assistance to maintain health insurance coverage, as well as a reduction of external temporary labor and reduced work hours;
- Reduction or deferral of marketing expense, while continuing to support brands with strong consumer demand and to keep brands top of mind with the consumer;
- Limited reduction of investment in new product development and launches, in anticipation of more normalized economic activity;
- Elimination of travel expense in the short term, with a significant reduction planned for the second half of fiscal 2021; and
- Reduction of consulting fees and capital expenditures for projects that are not critical.

These temporary measures don't change our view of the Phase II transformation plan and the longer-term opportunities we see to further grow our business.

For additional information on our related material risks, see Item 1A., Risk Factors.

Potential Impact of Tariffs

During fiscal 2019 and 2020, the Office of the U.S. Trade Representative (''USTR'') has imposed, and in certain cases subsequently reduced or removed, additional tariffs on products imported from China. We purchase a high concentration of our products from unaffiliated manufacturers located in China. This concentration exposes us to risks associated with doing business globally, including changes in tariffs. Any alteration of trade agreements and terms between China and the United States, including limiting trade with China, imposing additional tariffs on imports from China and potentially imposing other restrictions on exports from China to the United States may result in further and or higher tariffs or retaliatory trade measures by China, all of which could have a material adverse effect on our business and results of operations.

Potential Impact of Brexit and Offshore Receipts in Respect of Intangible Property Tax

The transitional exit of the U.K. from E.U. membership (commonly referred to as "Brexit") could cause disruptions to and create uncertainty surrounding our business, including affecting our relationships with our existing and future customers, suppliers and employees, which could have an adverse effect on our business, financial results and operations. Negotiations are ongoing to determine the future of a trade deal between the U.K. and the E.U. The effects of Brexit will depend on any agreements the U.K. makes to retain access to E.U. markets either during a transitional period or more permanently. These measures could potentially disrupt the markets we serve and the tax jurisdictions in which we operate, adversely change tax benefits or liabilities in these or other jurisdictions, and cause us to lose customers, suppliers, and employees. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which E.U. laws to replace or replicate.

The U.K.'s Offshore Receipts in respect of Intangible Property ("ORIP") rules were introduced by the Finance Act 2019 and came into effect on April 6, 2019. Under the ORIP rules, where intangible property ("IP") is held in offshore companies, in a territory with which the U.K. does not have a full double taxation arrangement and the IP is used directly or indirectly to enable, facilitate or promote U.K. sales, income derived from that IP could be subject to a U.K. gross receipts tax at 20% of the gross amounts. Based

on currently available information, we intend to treat this tax as a transactional tax included in operating expenses. Certain aspects of this legislation and its implementation remain unclear at this time and we expect that additional regulations or guidance may be issued and the accounting treatment of the new tax may be clarified.

While we do not believe the ORIP tax will have a material adverse impact on our consolidated operating results, we do believe that it could be material to the profitability of our EMEA operating unit. As a result, the ORIP tax could cause us to evaluate different strategic choices with respect to our EMEA operating unit, including a rationalization of the product portfolio sold in the U.K. or an exit from the market, which could adversely impact our net sales revenue.

Foreign Currency Exchange Rate Fluctuations

Due to the nature of our operations, we have exposure to the impact of fluctuations in exchange rates from transactions that are denominated in a currency other than our reporting currency (the U.S. Dollar). The most significant currencies affecting our operating results are the British Pound, Euro, Canadian Dollar, and Mexican Peso.

For fiscal 2020, changes in foreign currency exchange rates had an unfavorable impact on consolidated U.S. Dollar reported net sales revenue of approximately $7.0 million, or 0.4%. For fiscal 2019, changes in foreign currency exchange rates had a unfavorable impact on consolidated U.S. Dollar reported net sales revenue of approximately $1.2 million, or 0.1%.

Consumer Spending and Changes in Shopping Preferences

Our business depends upon discretionary consumer demand for most of our products and primarily operates within mature and highly developed consumer markets. The principal driver of our operating performance is the strength of the U.S. retail economy. Approximately 79% of our consolidated net sales in fiscal 2020 were from U.S. shipments compared to 78% and 79% in fiscal 2019 and 2018, respectively.

Additionally, the shift in consumer shopping preferences to online or multichannel shopping experiences has shifted the concentration of our sales. For fiscal 2020, 2019 and 2018, our net sales to customers fulfilling end-consumer online orders and online sales directly to consumers comprised approximately 24%, 19% and 16%, respectively, of our total consolidated net sales revenue and grew approximately 34% in fiscal 2020. With the continued growth in online sales across the retail landscape, many brick and mortar retailers are aggressively looking for ways to improve their customer delivery capabilities to be able to meet customer expectations. As a result, it will become increasingly important for us to leverage our distribution capabilities in order to meet the changing demands of our customers, as well as to increase our online capabilities to support our direct-to-consumer sales channels and online channel sales by our retail customers.

Variability of the Cough/Cold/Flu Season

Sales in several of our Health & Home segment categories are highly correlated to the severity of winter weather and cough/cold/flu incidence. In the U.S., the cough/cold/flu season historically runs from November through March, with peak activity normally in January to March. For the 2019-2020 season, cough/cold/flu incidence was slightly higher than the 2018-2019 season, which was a below average season.

Results of Operations

The following table provides selected operating data, in U.S. Dollars, as a percentage of net sales revenue, and as a year-over-year percentage change.

	Fiscal Years Ended Last Day of February,			% of Sales Revenue, net			% Change	
(in thousands)	**2020 (1)**	**2019 (2)**	**2018 (2)**	**2020**	**2019**	**2018**	**20/19**	**19/18**
Sales revenue by segment, net								
Housewares	**$ 640,965**	$ 523,807	$ 459,004	37.5 %	33.5 %	31.0 %	22.4 %	14.1 %
Health & Home	**685,397**	695,217	674,062	40.1 %	44.4 %	45.6 %	(1.4)%	3.1 %
Beauty	**381,070**	345,127	345,779	22.3 %	22.1 %	23.4 %	10.4 %	(0.2)%
Total sales revenue, net	**1,707,432**	1,564,151	1,478,845	100.0 %	100.0 %	100.0 %	9.2 %	5.8 %
Cost of goods sold	**972,966**	923,045	867,646	57.0 %	59.0 %	58.7 %	5.4 %	6.4 %
Gross profit	**734,466**	641,106	611,199	43.0 %	41.0 %	41.3 %	14.6 %	4.9 %
Selling, general and administrative expense (SG&A)	**511,902**	438,141	424,833	30.0 %	28.0 %	28.7 %	16.8 %	3.1 %
Asset impairment charges	**41,000**	—	15,447	2.4 %	— %	1.0 %	*	*
Restructuring charges	**3,313**	3,586	1,857	0.2 %	0.2 %	0.1 %	(7.6)%	93.1 %
Operating income	**178,251**	199,379	169,062	10.4 %	12.7 %	11.4 %	(10.6)%	17.9 %
Nonoperating income, net	**394**	340	327	— %	— %	— %	15.9 %	4.0 %
Interest expense	**(12,705)**	(11,719)	(13,951)	(0.7)%	(0.7)%	(0.9)%	8.4 %	(16.0)%
Income before income tax	**165,940**	188,000	155,438	9.7 %	12.0 %	10.5 %	(11.7)%	20.9 %
Income tax expense	**13,607**	13,776	26,556	0.8 %	0.9 %	1.8 %	(1.2)%	(48.1)%
Income from continuing operations	**152,333**	174,224	128,882	8.9 %	11.1 %	8.7 %	(12.6)%	35.2 %
Loss from discontinued operations (3)	**—**	(5,679)	(84,436)	— %	(0.4)%	(5.7)%	*	(93.3)%
Net income	**$ 152,333**	$ 168,545	$ 44,446	8.9 %	10.8 %	3.0 %	(9.6)%	279.2 %

(1) Fiscal 2020 includes approximately five weeks of operating results from the acquisition of Drybar Products, acquired on January 23, 2020. For additional information see Note 9 to the accompanying consolidated financial statements.

(2) We adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) in the first quarter of fiscal 2019 and have reclassified amounts in the prior years' statements of income to conform to the current period's presentation. For additional information see Note 3 to the accompanying consolidated financial statements.

(3) During fiscal 2018, we divested our Nutritional Supplements segment, which is reported as discontinued operations for all periods presented. For additional information see Note 6 to the accompanying consolidated financial statements.

* Calculation is not meaningful.

Fiscal 2020 Financial Results

- Consolidated net sales revenue increased 9.2%, or $143.3 million, to $1,707.4 million compared to $1,564.2 million for the same period last year.
- Consolidated operating income decreased 10.6%, or $21.1 million, to $178.3 million, compared to $199.4 million for the same period last year. Consolidated operating margin decreased 2.3 percentage points to 10.4% of consolidated net sales revenue, compared to 12.7% for the same period last year. Fiscal 2020 includes pre-tax non-cash asset impairment charges of $41.0 million, pre-tax restructuring charges of $3.3 million related to Project Refuel and pretax acquisition-related expenses of $2.5 million. Consolidated operating income for 2019 included pre-tax restructuring charges of $3.6 million.
- Consolidated adjusted operating income increased 12.6%, or $30.1 million, to $269.3 million, compared to $239.2 million for the same period last year. Consolidated adjusted operating margin increased 0.5 percentage points to 15.8% of consolidated net sales revenue, compared to 15.3% for the same period last year.
- Income from continuing operations decreased 12.6%, or $21.9 million, to $152.3 million, compared to $174.2 million for the same period last year. Diluted earnings per share (“EPS”) from continuing operations decreased 9.1% to $6.02, compared to $6.62 for the same period last year.
- Adjusted income from continuing operations increased 11.1% to $235.6 million, compared to $212.1 million for the same period last year. Adjusted diluted EPS from continuing operations increased 15.4% to $9.30, compared to $8.06 for the same period last year.
- There were no results from discontinued operations, compared to a loss from discontinued operations of $5.7 million, or $0.22 per diluted share, for the same period last year.
- Net income was $152.3 million, compared to $168.5 million for the same period last year. Diluted EPS was $6.02, compared to $6.41 for the same period last year.

Fiscal 2019 Financial Results

- Consolidated net sales revenue increased 5.8%, or $85.3 million, to $1,564.2 million in fiscal 2019, compared to $1,478.8 million in fiscal 2018.
- Consolidated operating income increased 17.9%, or $30.3 million, to $199.4 million in fiscal 2019, compared to $169.1 million in fiscal 2018. Consolidated operating margin increased 1.3 percentage points to 12.7% of consolidated net sales revenue, compared to 11.4% in fiscal 2018. Fiscal 2019 included pre-tax restructuring charges of $3.6 million related to Project Refuel. Consolidated operating income for fiscal 2018 included pre-tax non-cash impairment charges of $15.4 million, a pre-tax charge of $3.6 million related to the bankruptcy of Toys "R" Us ("TRU"), and pre-tax restructuring charges of $1.9 million.
- Consolidated adjusted operating income increased 6.9%, or $15.3 million, to $239.2 million in fiscal 2019, compared to $223.9 million in fiscal 2018. Consolidated adjusted operating margin increased 0.2 percentage points to 15.3% of consolidated net sales revenue in fiscal 2019 compared to 15.1% in fiscal 2018.
- Income from continuing operations increased 35.2%, or $45.3 million, to $174.2 million in fiscal 2019, compared to $128.9 million in fiscal 2018. Diluted EPS from continuing operations increased 40.0% to $6.62 in fiscal 2019, compared to $4.73 in fiscal 2018.
- Adjusted income from continuing operations increased 7.5% to $212.1 million in fiscal 2019, compared to $197.2 million in fiscal 2018. Adjusted diluted EPS from continuing operations increased 11.3% to $8.06 in fiscal 2019, compared to $7.24 in fiscal 2018.
- Loss from discontinued operations, net of tax, decreased to $5.7 million in fiscal 2019, compared to a loss of $84.4 million in fiscal 2018. Diluted loss per share from discontinued operations was $0.22 in fiscal 2019, compared to $3.10 in fiscal 2018. Fiscal 2018 included after tax non-cash asset impairment charges of $83.5 million.
- Net income was $168.5 million in fiscal 2019, compared to $44.4 million in fiscal 2018. Diluted EPS was $6.41 in fiscal 2019, compared to $1.63 in fiscal 2018.

Consolidated and Segment Net Sales

The following table summarizes the impact that acquisitions and foreign currency had on our net sales revenue by segment:

	Fiscal Year Ended Last Day of February,			
(in thousands)	**Housewares**	**Health & Home**	**Beauty**	**Total**
Fiscal 2019 sales revenue, net (1)	$ 523,807	$ 695,217	$ 345,127	$ 1,564,151
Organic business (3)	118,446	(5,349)	31,157	144,254
Impact of foreign currency	(1,288)	(4,471)	(1,253)	(7,012)
Acquisition (2)	—	—	6,039	6,039
Change in sales revenue, net	117,158	(9,820)	35,943	143,281
Fiscal 2020 sales revenue, net	$ 640,965	$ 685,397	$ 381,070	$ 1,707,432
Total net sales revenue growth	22.4 %	(1.4)%	10.4 %	9.2 %
Organic business	22.6 %	(0.8)%	9.0 %	9.2 %
Impact of foreign currency	(0.2)%	(0.6)%	(0.4)%	(0.4)%
Acquisition	— %	— %	1.7 %	0.4 %

	Fiscal Year Ended Last Day of February,			
(in thousands)	**Housewares**	**Health & Home**	**Beauty**	**Total**
Fiscal 2018 sales revenue, net (1)	$ 459,004	$ 674,062	$ 345,779	$ 1,478,845
Organic business (3)	64,886	21,061	572	86,519
Impact of foreign currency	(83)	94	(1,224)	(1,213)
Acquisition	—	—	—	—
Change in sales revenue, net	64,803	21,155	(652)	85,306
Fiscal 2019 sales revenue, net (1)	$ 523,807	$ 695,217	$ 345,127	$ 1,564,151
Total net sales revenue growth	14.1 %	3.1%	(0.2)%	5.8 %
Organic business	14.1 %	3.1%	0.2 %	5.9 %
Impact of foreign currency	— %	—%	(0.4)%	(0.1)%
Acquisition	— %	—%	— %	— %

(1) We adopted ASU 2014-09 in the first quarter of fiscal 2019 and have reclassified amounts in the prior years' statements of income to conform to the current period's presentation. For additional information see Note 3 to the accompanying consolidated financial statements.

(2) Includes approximately five weeks of incremental operating results for Drybar Products, which was acquired on January 23, 2020. For additional information see Note 9 to the accompanying consolidated financial statements.

(3) Previously referred to as "Core" business.

In the above tables Organic business refers to our net sales revenue associated with product lines or brands after the first twelve months from the date the product line or brand is acquired, excluding the impact that foreign currency re-measurement had on reported net sales. Net sales revenue from internally developed brands or product lines is considered Organic business activity. We previously referred to Organic business sales as Core business sales.

During the fourth quarter of fiscal 2020, we committed to a plan to divest certain assets within our mass market personal care business (Personal Care). The assets to be disposed of include intangible assets, inventory and fixed assets relating to our mass channel liquids, powder and aerosol products under brands such as Pert, Brut, Sure and Infusium. We expect the divestiture to occur within fiscal 2021. Accordingly, we have classified the identified assets of the disposal group as held for sale on our balance sheet. In conjunction with this change, we now define Core as strategic business that we expect to be an ongoing part of our operations, and Non-Core as business or assets (including assets held for sale) that

we expect to divest within a year of its designation as Non-Core. The following tables summarizes the impact that Core and Non-Core (Personal Care) business had on our net sales revenue by segment:

	Fiscal Year Ended Last Day of February,			
(in thousands)	Housewares	Health & Home	Beauty	Total
Fiscal 2019 sales revenue, net	$ 523,807	$ 695,217	$ 345,127	$ 1,564,151
Core business	117,158	(9,820)	46,796	154,134
Non-core business (Personal Care)	—	—	(10,853)	(10,853)
Change in sales revenue, net	117,158	(9,820)	35,943	143,281
Fiscal 2020 sales revenue, net	$ 640,965	$ 685,397	$ 381,070	$ 1,707,432
Total net sales revenue growth	22.4%	(1.4)%	10.4 %	9.2 %
Core business	22.4%	(1.4)%	13.6 %	9.9 %
Non-core business (Personal Care)	—%	— %	(3.1)%	(0.7)%

	Fiscal Year Ended Last Day of February,			
(in thousands)	Housewares	Health & Home	Beauty	Total
Fiscal 2018 sales revenue, net	$ 459,004	$ 674,062	$ 345,779	$ 1,478,845
Core business	64,803	21,155	4,962	90,920
Non-core business (Personal Care)	—	—	(5,614)	(5,614)
Change in sales revenue, net	64,803	21,155	(652)	85,306
Fiscal 2019 sales revenue, net	$ 523,807	$ 695,217	$ 345,127	$ 1,564,151
Total net sales revenue growth	14.1%	3.1%	(0.2)%	5.8 %
Core business	14.1%	3.1%	1.4 %	6.1 %
Non-core business (Personal Care)	—%	—%	(1.6)%	(0.4)%

Leadership Brand and Other Net Sales

The following tables summarizes our Leadership Brand and other net sales:

	Fiscal Years Ended Last Day of February,			$ Change		% Change	
(in thousands)	2020	2019	2018	20/19	19/18	20/19	19/18
Leadership Brand sales revenue, net (1)	$ 1,360,059	$ 1,243,600	$ 1,142,183	$ 116,459	$ 101,417	9.4%	8.9 %
All other sales revenue, net	347,373	320,551	336,662	26,822	(16,111)	8.4%	(4.8)%
Total sales revenue, net	$ 1,707,432	$ 1,564,151	$ 1,478,845	$ 143,281	$ 85,306	9.2%	5.8 %

(1) Fiscal 2020 includes approximately five weeks, or $6.0 million, of net sales from the Drybar Products acquisition. For additional information regarding the acquisition of Drybar Products see Note 9 to the accompanying consolidated financial statements.

Consolidated Net Sales Revenue

Comparison of Fiscal 2020 to 2019

Consolidated net sales revenue increased $143.3 million, or 9.2%, to $1,707.4 million, compared to $1,564.2 million. Growth was driven by an Organic business increase of $144.3 million, or 9.2%, primarily due to:

- growth in consolidated online sales;
- an increase in brick and mortar sales in our Housewares segment; and
- an increase in sales in the appliance category in the Beauty segment.

Net sales of $6.0 million, or 0.4%, from the Drybar Products acquisition also contributed to consolidated net sales growth.

These factors were partially offset by:

- a decline in Personal Care within the Beauty segment;
- lower sales in our Health & Home segment; and
- the unfavorable impact from foreign currency fluctuations of approximately $7.0 million, or 0.4%.

Net sales from our Leadership Brands were $1,360.1 million in 2020, compared to $1,243.6 million for the same period last year, representing growth of 9.4%.

Comparison of Fiscal 2019 to 2018
Consolidated net sales revenue increased $85.3 million, or 5.8%, to $1,564.2 million, compared to $1,478.8 million. Growth was driven by an Organic business increase of $86.5 million, or 5.9%, primarily due to:

- overall point of sale growth in the brick and mortar channel;
- incremental distribution;
- growth in online sales;
- increased international sales; and
- new product introductions.

These factors were partially offset by:

- a consumption decline in the personal care category;
- the discontinuation of certain brands and products within our Beauty segment; and
- the unfavorable impact from foreign currency fluctuations of approximately $1.2 million or 0.1%.

Net sales from our Leadership Brands were $1,243.6 million, compared to $1,142.2 million, representing growth of 8.9%.

Segment Net Sales Revenue

Housewares

Comparison of Fiscal 2020 to 2019
Net sales revenue increased $117.2 million, or 22.4%, to $641.0 million, compared to $523.8 million. Growth was driven by an Organic business increase of $118.4 million, or 22.6%, primarily due to:

- point of sale growth with existing domestic brick and mortar customers;
- an increase in online sales; and
- new product introductions.

These factors were partially offset by lower international sales and the unfavorable impact from foreign currency fluctuations of approximately $1.3 million, or 0.2%.

Comparison of Fiscal 2019 to 2018
Net sales revenue increased $64.8 million, or 14.1%, to $523.8 million, compared to $459.0 million. Growth was driven by an Organic business increase of $64.9 million, or 14.1%, primarily due to:

- point of sale growth with existing customers;
- an increase in online sales;
- higher sales in the club channel; and
- new product introductions.

These factors were partially offset by lower closeout sales.

Health & Home

Comparison of Fiscal 2020 to 2019
Net sales revenue decreased $9.8 million, or 1.4%, to $685.4 million compared to $695.2 million. The decline was mostly driven by an Organic business decrease of $5.3 million or, 0.8%, primarily due to:
- lower domestic sales driven by net distribution changes year-over-year;
- the unfavorable comparative impacts of more wildfire activity in the same period last year; and
- lower international sales.

Net sales were also unfavorably impacted by net foreign currency fluctuations of approximately $4.5 million, or 0.6%.

These factors were partially offset by new product introductions and increased demand for certain products, particularly thermometers, related to the global impact of COVID-19 late in the fourth quarter.

Comparison of Fiscal 2019 to 2018
Net sales revenue increased $21.2 million, or 3.1%, to $695.2 million compared to $674.1 million. Growth was driven by an Organic business increase of 3.1%, primarily due to higher sales of seasonal products and growth in international sales.

These factors were partially offset by an unfavorable comparison to fiscal 2018, which benefited from strong cough/cold/flu incidence along with unseasonably cold fall and winter weather. Net foreign currency fluctuations were not meaningful.

Beauty

Comparison of Fiscal 2020 to 2019
Net sales revenue increased $35.9 million, or 10.4%, to $381.1 million compared to $345.1 million. The increase was driven by an increase in Organic business of $31.2 million, or 9.0%, primarily due to:
- increased demand in the appliance category;
- growth in the online channel; and
- an increase in international sales.

Net sales growth also benefited from approximately 5 weeks of sales of $6.0 million, or 1.7%, from the Drybar Products acquisition.

These factors were partially offset by a decline in net sales in Personal Care and the unfavorable impact of net foreign currency fluctuations of approximately $1.3 million, or 0.4%.

Comparison of Fiscal 2019 to 2018
Net sales revenue decreased $0.7 million, or 0.2%, to $345.1 million compared to $345.8 million. Net sales were unfavorably impacted by net foreign currency fluctuations of approximately $1.2 million, or 0.4%. Organic revenue increased by 0.2%, primarily due to:
- growth in the online channel;
- new product introductions in the retail appliance category; and
- an increase in international sales.

These factors were partially offset by:
- a decline in brick and mortar sales;
- the discontinuation of certain brands and products; and
- a decrease in Personal Care.

Gross Profit Margin

Comparison of Fiscal 2020 to 2019
Consolidated gross profit margin increased 2.0 percentage points to 43.0%, compared to 41.0%. The increase in consolidated gross profit margin is primarily due to:

- a higher mix of Housewares sales at a higher overall gross profit margin;
- a favorable product and channel mix within the Housewares segment;
- tariff exclusion refunds received for certain duties expensed in the second half of fiscal 2019 and the first quarter of fiscal 2020; and
- a lower mix of shipments made on a direct import basis.

These factors were partially offset by:

- unfavorable foreign currency fluctuations;
- the dilutive impact of higher tariffs; and
- higher inbound freight expense.

Comparison of Fiscal 2019 to 2018
Consolidated gross profit margin decreased 0.3 percentage points to 41.0%, compared to 41.3%. The decrease in consolidated gross profit margin is primarily due to:

- less favorable channel and product mix;
- a higher mix of shipments made on a direct import basis; and
- the impact of tariff increases.

These factors were partially offset by the favorable margin impact from growth in our Leadership Brands.

Selling General and Administrative Expense

Comparison of Fiscal 2020 to 2019
Consolidated SG&A ratio increased 2.0 percentage points to 30.0%, compared to 28.0%. The increase in the consolidated SG&A ratio was primarily due to:

- higher short- and long-term performance-based incentive compensation expense;
- higher advertising expense;
- higher freight and distribution expense; and
- higher amortization expense.

These factors were partially offset by:

- the impact from tariff related pricing actions taken with retail customers; and
- the favorable impact of foreign currency exchange and forward contract settlements.

Comparison of Fiscal 2019 to 2018
Consolidated SG&A ratio decreased 0.7 percentage points to 28.0%, compared to 28.7%. The decrease in the consolidated SG&A ratio was primarily due to:

- lower amortization expense;
- the favorable impact from foreign currency exchange and forward contract settlements;
- the favorable comparative impact of a $3.6 million charge related to the bankruptcy of TRU in the same period in fiscal 2018;
- the favorable impact of a higher mix of shipments made on a direct import basis; and
- the impact that higher overall net sales had on operating leverage.

These factors were partially offset by:

- higher advertising expense;
- higher share-based compensation expense; and
- higher freight expense.

Asset Impairment Charges

Fiscal 2020
As a result of our annual testing of goodwill and indefinite-lived trademarks, we recorded non-cash asset impairment charges primarily related to goodwill and intangible assets of $41.0 million ($36.4 million after tax) in continuing operations. The charges were related to Personal Care goodwill and trademark assets within our Beauty segment, classified as held for sale in the fourth quarter of fiscal 2020.

Fiscal 2019
We did not record any asset impairment charges.

Fiscal 2018
As a result of our interim and annual testing of indefinite-lived trademarks, we recorded non-cash asset impairment charges of $15.4 million ($13.8 million after tax) in continuing operations. The charges were related to Personal Care trademarks in our Beauty segment.

Restructuring Charges

Fiscal 2020
We incurred $3.3 million of pre-tax restructuring costs related to employee termination benefits and contract termination costs under Project Refuel. During fiscal 2020, we made total cash restructuring payments of $3.8 million and had a remaining liability of $0.8 million as of February 29, 2020.

Fiscal 2019
We incurred $3.6 million of pre-tax restructuring costs related to employee termination benefits under Project Refuel. During fiscal 2019, we made total cash restructuring payments of $3.1 million and had a remaining liability of $1.2 million as of February 28, 2019.

Fiscal 2018
We incurred $1.9 million of pre-tax restructuring costs related to employee termination benefits and contract termination costs under Project Refuel. During fiscal 2018, we made total cash restructuring payments of $1.3 million and had a remaining liability of $0.5 million as of February 28, 2018.

Operating income, operating margin, adjusted operating income (non-GAAP), and adjusted operating margin (non-GAAP) by segment

In order to provide a better understanding of the impact of certain items on our operating income, the below tables report the comparative pre-tax impact of non-cash asset impairment charges, acquisition-related expenses, restructuring charges, the TRU bankruptcy charge, amortization of intangible assets, and non-cash share-based compensation, as applicable, on operating income and operating margin for each segment and in total for the periods covered below. Adjusted operating income and adjusted operating margin may be considered non-GAAP financial measures as contemplated by SEC regulation G, Rule 100. For additional information regarding management's decision to present this non-GAAP financial information, see the introduction to this Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operation."

	Fiscal Year Ended February 29, 2020							
(In thousands)	**Housewares**		**Health & Home**		**Beauty (1)**		**Total**	
Operating income (loss), as reported (GAAP)	**$123,135**	**19.2%**	**$ 68,166**	**9.9%**	**$ (13,050)**	**(3.4)%**	**$ 178,251**	**10.4%**
Acquisition-related expenses	**—**	**—%**	**—**	**—%**	**2,546**	**0.7 %**	**2,546**	**0.1%**
Asset impairment charges	**—**	**—%**	**—**	**—%**	**41,000**	**10.8 %**	**41,000**	**2.4%**
Restructuring charges	**1,351**	**0.2%**	**93**	**—%**	**1,869**	**0.5 %**	**3,313**	**0.2%**
Subtotal	**124,486**	**19.4%**	**68,259**	**10.0%**	**32,365**	**8.5 %**	**225,110**	**13.2%**
Amortization of intangible assets	**2,055**	**0.3%**	**10,539**	**1.5%**	**8,677**	**2.3 %**	**21,271**	**1.2%**
Non-cash share-based compensation	**7,218**	**1.1%**	**9,717**	**1.4%**	**5,994**	**1.6 %**	**22,929**	**1.3%**
Adjusted operating income (non-GAAP)	**$133,759**	**20.9%**	**$ 88,515**	**12.9%**	**$ 47,036**	**12.3 %**	**$ 269,310**	**15.8%**

	Fiscal Year Ended February 28, 2019							
(In thousands)	**Housewares**		**Health & Home**		**Beauty**		**Total**	
Operating income, as reported (GAAP)	$100,743	19.2%	$ 68,448	9.8%	$ 30,188	8.7%	$ 199,379	12.7%
Asset impairment charges	—	—%	—	—%	—	—%	—	—%
Restructuring charges	926	0.2%	686	0.1%	1,974	0.6%	3,586	0.2%
Subtotal	101,669	19.4%	69,134	9.9%	32,162	9.3%	202,965	13.0%
Amortization of intangible assets	1,980	0.4%	10,925	1.6%	1,299	0.4%	14,204	0.9%
Non-cash share-based compensation	7,974	1.5%	9,204	1.3%	4,875	1.4%	22,053	1.4%
Adjusted operating income (non-GAAP)	$111,623	21.3%	$ 89,263	12.8%	$ 38,336	11.1%	$ 239,222	15.3%

	Fiscal Year Ended February 28, 2018							
(In thousands)	**Housewares**		**Health & Home**		**Beauty**		**Total**	
Operating income, as reported (GAAP)	$ 89,319	19.5%	$ 62,099	9.2%	$ 17,644	5.1%	$ 169,062	11.4%
Asset impairment charges	—	—%	—	—%	15,447	4.5%	15,447	1.0%
Restructuring Charges	220	—%	—	—%	1,637	0.5%	1,857	0.1%
TRU bankruptcy charge	956	0.2%	2,640	0.4%	—	—%	3,596	0.2%
Subtotal	90,495	19.7%	64,739	9.6%	34,728	10.0%	189,962	12.8%
Amortization of intangible assets	2,226	0.5%	11,101	1.6%	5,527	1.6%	18,854	1.3%
Non-cash share-based compensation	4,701	1.0%	5,721	0.8%	4,632	1.3%	15,054	1.0%
Adjusted operating income (non-GAAP)	$ 97,422	21.2%	$ 81,561	12.1%	$ 44,887	13.0%	$ 223,870	15.1%

(1) Fiscal 2020 includes approximately 5 weeks of incremental operating results from the Drybar Products acquisition completed on January 23, 2020.

Consolidated Operating Income

Comparison of Fiscal 2020 to 2019

Consolidated operating income was $178.3 million, or 10.4% of net sales, compared to $199.4 million, or 12.7% of net sales. Fiscal 2020 includes pre-tax non-cash asset impairment charges of $41.0 million, pre-tax acquisition-related charges of $2.5 million and pre-tax restructuring charges of $3.3 million, compared to pre-tax restructuring charges of $3.6 million in the same period last year. The effect of these items in both years unfavorably impacted the year-over-year comparison of operating margin by a combined 2.5 percentage points. The remaining increase in operating margin was driven by:

- tariff exclusion refunds received for certain duties expensed in the second half of fiscal 2019 and the first quarter of fiscal 2020;
- a higher mix of Housewares sales at a higher overall operating margin;
- a favorable product and channel mix within the Housewares segment; and
- the favorable impact of increased operating leverage from net sales growth.

These factors were partially offset by:

- higher short- and long-term performance-based incentive compensation expense;
- higher advertising expense;
- higher freight and distribution expense;
- higher amortization expense; and
- the net unfavorable impact of foreign currency fluctuations.

Consolidated adjusted operating income increased 12.6% to $269.3 million, or 15.8% of net sales, compared to $239.2 million, or 15.3% of net sales.

Comparison of Fiscal 2019 to 2018

Consolidated operating income was $199.4 million, or 12.7% of net sales, compared to $169.1 million, or 11.4% of net sales. Fiscal 2019 included pre-tax restructuring charges of $3.6 million associated with Project Refuel. Fiscal 2018 included pre-tax non-cash asset impairment charges of $15.4 million, a $3.6 million charge related to the TRU bankruptcy and pre-tax restructuring charges of $1.9 million. The effect of these items in both years favorably impacted the year-over-year comparison of operating margin by a combined 1.1 percentage points. The remaining improvement in fiscal 2019 consolidated operating margin was driven by:

- a higher mix of Leadership Brand sales at a higher operating margin;
- improved distribution and logistics efficiency and lower outbound freight costs;
- lower amortization expense; and
- the favorable impact of increased operating leverage from net sales growth.

These factors were partially offset by:

- a less favorable channel and product mix;
- higher advertising expense;
- the impact of tariff increases; and
- higher share-based compensation expense.

Consolidated adjusted operating income increased 6.9% to $239.2 million, or 15.3% of net sales, compared to $223.9 million, or 15.1% of net sales.

Housewares

Comparison of Fiscal 2020 to 2019

Operating income was $123.1 million, or 19.2% of segment net sales, compared to $100.7 million, or 19.2% of segment net sales. Segment operating margin remained the same in both periods as the margin impact of a more favorable product and channel mix was offset by:

- higher freight and distribution center expense to support increased retail customer shipments and strong direct-to-consumer demand;
- higher annual incentive compensation expense;
- higher advertising expense; and
- the favorable impact of increased operating leverage from net sales growth.

Segment adjusted operating income increased 19.8% to $133.8 million, or 20.9% of segment net sales, compared to $111.6 million, or 21.3% of segment net sales.

Comparison of Fiscal 2019 to 2018
Operating income was $100.7 million, or 19.2% of segment net sales, compared to $89.3 million, or 19.5% of segment net sales. The 0.3% percentage point decrease in segment operating margin was primarily due to:

- higher advertising expense;
- higher share-based compensation expense;
- higher performance-based annual incentive compensation expense;
- higher freight expense; and
- higher rent expense related to new office space.

These factors were partially offset by:

- the favorable margin impact from growth in the Hydro Flask business;
- the favorable impact of increased operating leverage from net sales growth; and
- the favorable comparative impact of a $1.0 million charge related to the bankruptcy of TRU in the same period last year.

Segment adjusted operating income increased 14.6% to $111.6 million, or 21.3% of segment net sales, compared to $97.4 million, or 21.2% of segment net sales.

<u>Health & Home</u>

Comparison of Fiscal 2020 to 2019
Operating income was $68.2 million, or 9.9% of segment net sales, compared to $68.4 million, or 9.8% of segment net sales. The 0.1 percentage point increase in segment operating margin is primarily due to:

- tariff exclusion refunds received for certain duties expensed in the second half of fiscal 2019 and first quarter of fiscal 2020; and
- lower advertising expense.

These factors were partially offset by:

- higher royalty expense;
- the dilutive impact of tariff increases;
- higher share-based compensation expense:
- the net unfavorable impact of foreign currency fluctuations; and
- unfavorable operating leverage from the decline in sales.

Segment adjusted operating income decreased 0.8% to $88.5 million, or 12.9% of segment net sales, compared to $89.3 million, or 12.8% of segment net sales.

Comparison of Fiscal 2019 to 2018
Operating income was $68.4 million, 9.8% of segment net sales, compared to $62.1 million, or 9.2% of segment net sales. The 0.6 percentage point increase in segment operating margin was primarily due to:

- the favorable comparative impact of a $2.6 million charge related to the bankruptcy of TRU in fiscal 2018;
- strong sales growth in the Asia Pacific region at a higher operating margin;
- the favorable impact that higher overall net sales had on operating leverage; and

- the favorable impact of foreign currency exchange and forward contract settlements.

These factors were partially offset by:
- the margin impact of a less favorable product mix;
- the impact of tariff increases;
- higher share-based compensation expense; and
- higher advertising expense.

Segment adjusted operating income increased 9.4% to $89.3 million, or 12.8% of segment net sales, compared to $81.6 million, or 12.1% of segment net sales.

Beauty

Comparison of Fiscal 2020 to 2019
Operating loss was $13.1 million, or 3.4% of segment net sales, compared to operating income of $30.2 million, or 8.7% of segment net sales. Operating loss in fiscal 2020 includes $41.0 million of pre-tax non-cash asset impairment charges, $2.5 million of pre-tax acquisition-related expenses and $1.9 million of pre-tax restructuring charges. Fiscal 2019 included pre-tax restructuring charges of $2.0 million. The effect of these items unfavorably impacted the year-over-year comparison of operating margin by 11.4 percentage points. The remaining 0.8 percentage point decline in segment operating margin was primarily due to:
- higher annual incentive and share-based compensation expense related to short- and long-term performance;
- higher amortization expense;
- the impact of higher freight expense to meet strong demand in the appliance category; and
- the unfavorable margin impact of a lower mix of Personal Care sales.

These factors were partially offset by the favorable impact of increased operating leverage from net sales growth.

Segment adjusted operating income increased 22.7% to $47.0 million, or 12.3% of segment net sales, compared to $38.3 million, or 11.1% of segment net sales.

Comparison of Fiscal 2019 to 2018
Operating income was $30.2 million, or 8.7% of segment net sales, compared to $17.6 million, or 5.1% of segment net sales. Fiscal 2019 included pre-tax restructuring charges of $2.0 million, compared to $1.6 million in fiscal 2018. Fiscal 2018 also included a $15.4 million pre-tax non-cash asset impairment charge that did not reoccur in fiscal 2019. The effect of these items favorably impacted the year-over-year comparison of operating margin by 4.4 percentage points. The remaining decrease in segment operating margin is primarily due to:
- the net sales decline in Personal Care and its unfavorable impact on operating margin;
- higher freight expense; and
- higher share-based compensation expense.

These factors were partially offset by:
- cost savings from Project Refuel; and
- lower amortization expense.

Segment adjusted operating income decreased 14.6% to $38.3 million, or 11.1% of segment net sales, compared to $44.9 million, or 13.0% of segment net sales.

Interest Expense

Interest expense was $12.7 million in fiscal 2020, compared to $11.7 million in fiscal 2019. The increase in interest expense was primarily due to incremental borrowings to fund the acquisition of Drybar Products on January 23, 2020, unfavorable interest rate swap settlements year-over-year and higher deferred financing costs.

Interest expense was $11.7 million in fiscal 2019, compared to $14.0 million in fiscal 2018. The decrease in interest expense was due to lower average levels of debt held during fiscal 2019, partially offset by higher average interest rates.

Income Tax Expense

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted and signed into law. The CARES Act is an emergency economic stimulus package in response to the COVID-19 outbreak which contains numerous tax provisions. Among other things, the CARES Act amended the net operating loss provisions and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. We are currently evaluating the impact of the CARES Act and will begin to reflect any impact during the period of enactment, our first quarter of fiscal 2021.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted into law. Among other changes, the Tax Act lowered the U.S. corporate statutory income tax rate from 35% to 21% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries.

The year-over-year comparison of our effective tax rates is impacted by the mix of taxable income in our various tax jurisdictions, among other factors. Due to our organization in Bermuda and the ownership structure of our foreign subsidiaries, many of which are not owned directly or indirectly by a U.S. parent company, an immaterial amount of our foreign income is subject to U.S. taxation on a permanent basis under current law. Additionally, our intellectual property is largely owned by our foreign subsidiaries, resulting in proportionally higher earnings in jurisdictions with lower statutory tax rates, which decreases our overall effective tax rate.

Fiscal 2020 income tax expense as a percentage of income before tax was 8.2% compared to 7.3% in the same period last year. The increase in our effective tax rate was primarily due to shifts in the mix of taxable income in our various tax jurisdictions, increases in certain statutory tax rates and the comparative impact of discrete benefits recorded in the same period last year.

Fiscal 2019 income tax expense as a percentage of income before tax was 7.3% compared to 17.1% in fiscal 2018. The decrease in our effective tax rate was primarily due to the provisional charge of $17.9 million recorded in fiscal 2018 related to the Tax Act.

Income from continuing operations, diluted EPS from continuing operations, adjusted Income from continuing operations (non-GAAP), and adjusted diluted EPS from continuing operations (non-GAAP)

In order to provide a better understanding of the impact of certain items on our income and EPS from continuing operations, the below tables report the comparative after tax impact of non-cash asset impairment charges, acquisition-related expenses, restructuring charges, tax reform, the TRU bankruptcy charge, amortization of intangible assets, and non-cash share-based compensation, as applicable, on income from continuing operations, and basic and diluted EPS from continuing operations for the periods covered below. For additional information regarding management's decision to present this non-GAAP financial information, see the introduction to this Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operation."

	Fiscal Year Ended February 29, 2020					
	Income From Continuing Operations			Diluted Earnings Per Share		
(in thousands, except per share data)	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
As reported (GAAP)	$ 165,940	$ 13,607	$ 152,333	$ 6.55	$ 0.54	$ 6.02
Acquisition-related expenses	2,546	38	2,508	0.10	—	0.10
Asset impairment charges	41,000	4,574	36,426	1.62	0.18	1.44
Restructuring charges	3,313	161	3,152	0.13	0.01	0.12
Subtotal	212,799	18,380	194,419	8.40	0.73	7.68
Amortization of intangible assets	21,271	1,245	20,026	0.84	0.05	0.79
Non-cash share-based compensation	22,929	1,803	21,126	0.91	0.07	0.83
Adjusted (non-GAAP)	$ 256,999	$ 21,428	$ 235,571	$ 10.15	$ 0.85	$ 9.30
Weighted average shares of common stock used in computing diluted earnings per share						25,322

	Fiscal Year Ended February 28, 2019					
	Income From Continuing Operations			Diluted Earnings Per Share		
(in thousands, except per share data)	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
As reported (GAAP)	$ 188,000	$ 13,776	$ 174,224	$ 7.15	$ 0.52	$ 6.62
Acquisition-related expenses	—	—	—	—	—	—
Asset impairment charges	—	—	—	—	—	—
Restructuring charges	3,586	215	3,371	0.14	0.01	0.13
Subtotal	191,586	13,991	177,595	7.28	0.53	6.75
Amortization of intangible assets	14,204	372	13,832	0.54	0.01	0.53
Non-cash share-based compensation	22,053	1,395	20,658	0.84	0.05	0.79
Adjusted (non-GAAP)	$ 227,843	$ 15,758	$ 212,085	$ 8.66	$ 0.60	$ 8.06
Weighted average shares of common stock used in computing diluted earnings per share						26,303

	Fiscal Year Ended February 28, 2018					
	Income From Continuing Operations			Diluted Earnings Per Share		
(in thousands, except per share data)	**Before Tax**	**Tax**	**Net of Tax**	**Before Tax**	**Tax**	**Net of Tax**
As reported (GAAP)	$ 155,438	$ 26,556	$ 128,882	$ 5.70	$ 0.97	$ 4.73
Tax reform	—	(17,939)	17,939	—	(0.66)	0.66
Asset impairment charges	15,447	1,613	13,834	0.57	0.06	0.51
Restructuring charges	1,857	69	1,788	0.07	—	0.07
TRU bankruptcy	3,596	204	3,392	0.13	0.01	0.12
Subtotal	176,338	10,503	165,835	6.47	0.39	6.08
Amortization of intangible assets	18,854	850	18,004	0.69	0.03	0.66
Non-cash share-based compensation	15,054	1,669	13,385	0.55	0.06	0.49
Adjusted (non-GAAP)	$ 210,246	$ 13,022	$ 197,224	$ 7.71	$ 0.48	$ 7.24
Weighted average shares of common stock used in computing diluted earnings per share						27,254

Comparison of Fiscal 2020 to 2019

Income from continuing operations was $152.3 million compared to $174.2 million. Diluted EPS from continuing operations was $6.02 compared to $6.62. Diluted EPS decreased primarily due to after-tax non-cash asset impairment charges of $36.4 million in the Beauty segment and higher interest expense, partially offset by higher operating income in the Housewares segment and the impact of lower weighted average diluted shares outstanding compared to the same period last year.

Adjusted income from continuing operations increased $23.5 million, or 11.1%, to $235.6 million compared to $212.1 million. Adjusted diluted EPS from continuing operations increased 15.4% to $9.30 compared to $8.06.

Comparison of Fiscal 2019 to 2018

Income from continuing operations was $174.2 million compared to $128.9 million. Diluted EPS from continuing operations increased $1.89, or 40.0%, to $6.62 compared to $4.73.

Adjusted income from continuing operations increased $14.9 million, or 7.5%, to $212.1 million compared to $197.2 million. Adjusted diluted EPS from continuing operations increased 11.3% to $8.06 compared to $7.24. The increase in adjusted income from continuing operations was primarily due to an increase in adjusted operating income and lower interest expense. The increase in adjusted diluted EPS from continuing operations was due to increased adjusted income and lower diluted shares outstanding during fiscal 2019.

Financial Condition, Liquidity and Capital Resources

Selected measures of our liquidity and capital utilization for fiscal 2020 and 2019 are shown below:

	Fiscal Years Ended Last Day of February,	
	2020	**2019**
Accounts Receivable Turnover (Days) (1)	**67.0**	68.3
Inventory Turnover (Times) (1)	**3.0**	3.3
Working Capital *(in thousands)*	**$ 343,940**	$ 292,828
Current Ratio	**2.0:1**	1.9:1
Ending Debt to Ending Equity Ratio	**29.2%**	32.2%
Return on Average Equity (1)	**14.0%**	16.9%

(1) Accounts receivable turnover, inventory turnover and return on average equity computations use 12 month trailing net sales revenue, cost of goods sold or income from continuing operations components as required by the particular measure. The current and four prior quarters' ending balances of accounts receivable, inventory and equity are used for the purposes of computing the average balance component as required by the particular measure.

Operating Activities:

Comparison of Fiscal 2020 to 2019
Operating activities from continuing operations provided net cash of $271.3 million during fiscal 2020 compared to $200.6 million during fiscal 2019. The increase in cash provided was primarily driven by higher cash earnings and a decrease in cash used for inventory. These factors were partially offset by an increase in cash used for receivables.

Comparison of Fiscal 2019 to 2018
Operating activities from continuing operations provided net cash of $200.6 million compared to $218.6 million. The decrease was primarily driven by an increase in cash used for inventory and a dispute settlement payment of $15.0 million. These factors were partially offset by an increase in income from continuing operations and higher non-cash share-based compensation.

Investing Activities:

Investing activities from continuing operations used cash of $273.6 million, $25.2 million, and $13.6 million in fiscal 2020, 2019 and 2018, respectively.

Highlights from Fiscal 2020

- We acquired Drybar Products for $255.9 million. In addition, we invested in capital expenditures of $17.8 million primarily for leasehold improvements; computers, furniture and other equipment; and tools, molds and other production equipment.

Highlights from Fiscal 2019

- We invested in capital expenditures of $26.4 million primarily for leasehold improvements; computers, furniture and other equipment; and tools, molds, and other production equipment.

Highlights from Fiscal 2018

- We invested in capital expenditures of $13.6 million primarily for leasehold improvements; computers, furniture and other equipment; tools, molds, other production equipment; and the development of new patents.

Financing Activities:

Financing activities provided cash of $14.9 million in fiscal 2020 and used cash of $178.9 million and $262.2 million in fiscal 2019 and 2018, respectively.

Highlights from Fiscal 2020

- we had draws of $771.3 million under our Credit Agreement;
- we repaid $752.5 million drawn under our Credit Agreement;
- we repaid $1.9 million of long-term debt; and
- we repurchased and retired 77,272 shares of common stock at an average price of $131.61 per share for a total purchase price of $10.2 million through the settlement of certain stock awards.

Highlights from Fiscal 2019

- we had draws of $667.3 million under our Credit Agreement;
- we repaid $635.5 million drawn under our Credit Agreement;
- we repaid $1.9 million of long-term debt; and
- we repurchased and retired 1,934,493 shares of common stock at an average price of $112.43 per share for a total purchase price of $217.5 million through a combination of open market purchases and the settlement of certain stock awards.

Highlights from Fiscal 2018

- we had draws of $521.2 million under our Credit Agreement;
- we repaid $692.5 million drawn under our Credit Agreement;
- we repaid $25.7 million of long-term debt, and;
- we repurchased and retired 793,085 shares of common stock at an average price of $92.13 per share for a total purchase price of $73.1 million through a combination of open market purchases and the settlement of certain stock awards.

Credit Agreement and Other Debt Agreements

Credit Agreement

As of February 29, 2020, we had a credit agreement (the “Credit Agreement”) with Bank of America, N.A., as administrative agent, and other lenders that provided for an unsecured total revolving commitment of $1.0 billion. Borrowings accrued interest under one of two alternative methods (based upon a base rate or LIBOR) as described in the Credit Agreement. With each borrowing against our credit line, we could elect the interest rate method based on our funding needs at the time. We also incurred loan commitment and letter of credit fees under the Credit Agreement. Outstanding letters of credit reduced the borrowing availability under the Credit Agreement on a dollar-for-dollar basis. We may repay amounts borrowed at any time without penalty. As of February 29, 2020, the outstanding revolving loan principal balance was $320.0 million (excluding prepaid financing fees) and the balance of outstanding letters of credit was $9.0 million. As of February 29, 2020, the amount available for borrowings under the Credit Agreement was $671.0 million. Covenants in the Credit Agreement limit the amount of total indebtedness we could incur. As of February 29, 2020, these covenants did not limit our ability to incur $671.0 million of additional debt under the Credit Agreement.

On March 13, 2020, we entered into an amendment to the Credit Agreement. The amendment extended the maturity of the commitment under the Credit Agreement from December 7, 2021 to March 13, 2025. Further, the amendment increased the unsecured revolving commitment from $1.0 billion to $1.25 billion. The accordion was amended to increase it from $200 million to $300 million and to include the ability to use it for term loan commitments. The accordion permits the Company to request to increase its borrowing capacity, not to exceed the $300 million commitment in the aggregate, provided certain

conditions are met, including lender approval. Any increase to term loan commitments and revolving loan commitments must be made on terms identical to the revolving loans under the Credit Agreement and must have a maturity date of no earlier than March 13, 2025. Following the amendment, borrowings under the Credit Agreement bear interest at either the base rate or LIBOR, plus a margin based on the Net Leverage Ratio (as defined in the Credit Agreement) of 0% to 1.0% and 1.0% to 2.0%, respectively, for base rate and LIBOR borrowings.

On March 24, 2020, we borrowed approximately $200 million under the Credit Agreement as part of a comprehensive precautionary approach to increase our cash position and maximize our financial flexibility in light of the current volatility in the global markets resulting from the COVID-19 outbreak. After giving effect to the borrowing, the remaining amount available for borrowings under the Credit Agreement was $536.4 million and our cash and cash equivalents on hand was approximately $393.0 million. As described above, covenants in our debt agreements can limit the amount of indebtedness we can incur. We may repay amounts borrowed at any time without penalty.

Other Debt Agreements

We have an aggregate principal balance of $20.5 million under a loan agreement with the Mississippi Business Finance Corporation (the “MBFC Loan”). The borrowings were used to fund construction of our Olive Branch, Mississippi distribution facility. The remaining principal balance is payable as follows: $1.9 million annually on March 1, 2020 through 2022; and $14.8 million on March 1, 2023. Any remaining outstanding principal and interest is due upon maturity on March 1, 2023.

All of our debt is unconditionally guaranteed, on a joint and several basis, by the Company and certain of its subsidiaries. Our debt agreements require the maintenance of certain key financial covenants, defined in the table below. Our debt agreements also contain other customary covenants, including, among other things, covenants restricting or limiting us, except under certain conditions set forth therein, from (1) incurring debt, (2) incurring liens on our properties, (3) making certain types of investments, (4) selling certain assets or making other fundamental changes relating to mergers and consolidations, and (5) repurchasing shares of our common stock and paying dividends. Our debt agreements also contain customary events of default, including failure to pay principal or interest when due, among others. Our debt agreements are cross-defaulted to each other. Upon an event of default under our debt agreements, the holders or lenders may, among other things, accelerate the maturity of any amounts outstanding under our debt agreements. The commitments of the lenders to make loans to us under the Credit Agreement are several and not joint. Accordingly, if any lender fails to make loans to us, our available liquidity could be reduced by an amount up to the aggregate amount of such lender’s commitments under the Credit Agreement.

The table below provides the formulas in effect for certain key financial covenants under the Credit Agreement as of February 29, 2020:

Applicable Financial Covenant	Credit Agreement and MBFC Loan
Interest Coverage Ratio	EBIT (1) ÷ Interest Expense (1)
	Minimum Required: 3.00 to 1.00
Maximum Leverage Ratio	Total Current and Long Term Debt (2) ÷ EBITDA (1) + Pro Forma Effect of Acquisitions
	Maximum Currently Allowed: 3.50 to 1.00 (3)

Key Definitions:

EBIT:	Earnings Before Non-Cash Charges, Interest Expense and Taxes
EBITDA:	EBIT + Depreciation and Amortization Expense + Non-Cash Charges
Pro Forma Effect of Acquisitions:	For any acquisition, pre-acquisition EBITDA of the acquired business is included so that the EBITDA of the acquired business included in the computation equals its twelve month trailing total.

Notes:

(1) Computed using totals for the latest reported four consecutive fiscal quarters.
(2) Computed using the ending balances as of the latest reported fiscal quarter.
(3) In the event a qualified acquisition is consummated, the maximum leverage ratio is 4.25 to 1.00.

Contractual Obligations

Our contractual obligations and commercial commitments in effect as of the end of fiscal 2020 were:

	Fiscal Years Ended the Last Day of February:						
		2021	2022	2023	2024	2025	After
(in thousands)	Total	1 year	2 years	3 years	4 years	5 years	5 years
Floating rate debt	$ 340,507	$ 1,900	$ 321,900	$ 1,900	$ 14,807	$ —	$ —
Long-term incentive plan payouts	9,018	5,614	3,404	—	—	—	—
Interest on floating rate debt [1]	16,653	9,142	7,124	386	1	—	—
Open purchase orders	239,841	239,841	—	—	—	—	—
Minimum royalty payments	55,154	12,823	12,674	13,090	12,381	4,186	—
Advertising and promotional	34,228	18,359	9,131	6,738	—	—	—
Operating leases	62,876	6,082	5,959	5,601	5,102	5,762	34,370
Capital spending commitments	2,716	1,986	596	134	—	—	—
Total contractual obligations	$ 760,993	$ 295,747	$ 360,788	$ 27,849	$ 32,291	$ 9,948	$ 34,370

(1) We estimate our future obligations for interest on our floating rate debt by assuming the weighted average interest rates in effect on each floating rate debt obligation at February 29, 2020 remain constant into the future. This is an estimate, as actual rates will vary over time. In addition, we assume that the revolving credit debt balance outstanding as of February 29, 2020 remains the same for the remaining term of our revolving credit agreement. The actual balance outstanding may fluctuate significantly in future periods, depending on the availability of cash flow from operations and future investing and financing considerations.

Off-Balance Sheet Arrangements

We have no existing activities involving special purpose entities or off-balance sheet financing.

Current and Future Capital Needs

Based on our current financial condition and current operations, we believe that cash flows from operations and available financing sources will continue to provide sufficient capital resources to fund our foreseeable short- and long-term liquidity requirements. We expect our capital needs to stem primarily

from the need to purchase sufficient levels of inventory and to carry normal levels of accounts receivable on our balance sheet.

Additionally, on March 24, 2020, we borrowed approximately $200 million under the Credit Agreement as part of a comprehensive precautionary approach to increase our cash position and maximize our financial flexibility in light of the current volatility in the global markets resulting from the COVID-19 outbreak.

We continue to evaluate acquisition opportunities on a regular basis. We may finance acquisition activity with available cash, the issuance of shares of common stock, additional debt, or other sources of financing, depending upon the size and nature of any such transaction and the status of the capital markets at the time of such acquisition. We may also elect to repurchase additional shares of common stock under our Board authorization over the next fiscal year, subject to limitations contained in our debt agreements and based upon our assessment of a number of factors, including share price, trading volume and general market conditions, working capital requirements, general business conditions, financial conditions, any applicable contractual limitations, and other factors, including alternative investment opportunities. We may finance share repurchases with available cash, additional debt or other sources of financing. For additional information, see Part II, Item 5., “Market for Registrant’s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities” in this report. As of February 29, 2020, the amount of cash and cash equivalents held by our foreign subsidiaries was $22.5 million, of which, an immaterial amount was held in foreign countries where the funds may not be readily convertible into other currencies.

Critical Accounting Policies and Estimates

The SEC defines critical accounting policies as those that are both most important to the portrayal of a company's financial condition and results, and require management’s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We consider the following policies to meet this definition.

Income Taxes

We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments must be used in the calculation of certain tax assets and liabilities because of differences in the timing of recognition of revenue and expense for tax and financial statement purposes. We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must increase our provision for taxes by recording a valuation allowance against the deferred tax assets that we estimate will not ultimately be recoverable. As changes occur in our assessments regarding our ability to recover our deferred tax assets, our tax provision is increased in any period in which we determine that the recovery is not probable.

In addition, the calculation of our tax liabilities requires us to account for uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain tax positions based on the two-step process prescribed within GAAP. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit based upon its technical merits, including resolution of related appeals or litigation processes, if any. The second step requires us to estimate and measure the tax benefit as the largest amount that has greater than a 50 percent likelihood of being realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as this requires us to determine the probability of various possible outcomes. We reevaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, historical experience with similar tax matters, guidance from our tax advisors, and new audit activity. A change in recognition or

measurement would result in the recognition of a tax benefit or an additional charge to the tax provision in the period in which the change occurs.

Customer Credit Risk and Estimates of Credits to be Issued to Customers

Our trade receivables subject us to credit risk, which is evaluated based on changing economic, political and specific customer conditions. We assess these risks and make provisions for collectability based on our best estimate of the risks presented and information available throughout the year. The use of different assumptions may change our estimate of collectability. We extend credit to our customers based upon an evaluation of the customer's financial condition and credit history and generally do not require collateral. Our credit terms generally range between 30 and 90 days from invoice date depending upon the evaluation of the customer's financial condition and history, pricing and the relationship with the customer. We monitor our customers' credit and financial condition in order to assess whether the economic conditions have changed and adjust our credit policies with respect to any individual customer as we determine appropriate. These adjustments may include, but are not limited to, restricting shipments to customers, reducing credit limits, shortening credit terms, requiring cash payments in advance of shipment or securing credit insurance.

We regularly receive requests for credits from retailers for returned products or in connection with sales incentives, such as cooperative advertising and volume rebate agreements. We reduce sales or increase SG&A, depending on the nature of the credits, for estimated future credits to customers. Our estimates of these amounts are based on either historical information about credits issued, relative to total sales, or on specific knowledge of incentives offered to retailers. This process entails a significant amount of subjectivity and uncertainty.

Valuation of Inventory

We currently record inventory on our balance sheet at average cost, or net realizable value, if it is below our recorded cost. Determination of net realizable value requires us to estimate the point in time at which an item's net realizable value drops below its recorded cost. We regularly review our inventory for slow-moving items and for items that we are unable to sell at prices above their original cost. When we identify such an item, we reduce its book value to the net amount that we expect to realize upon its sale. This process entails a significant amount of inherent subjectivity and uncertainty.

Goodwill and Indefinite-Lived Intangibles

As a result of acquisitions, we have significant intangible assets on our balance sheet that include goodwill and indefinite-lived intangibles (primarily trademarks and licenses). Accounting for business combinations requires the use of estimates and assumptions in determining the fair value of assets acquired and liabilities assumed in order to properly allocate the purchase price. The estimates of the fair value of the assets acquired and liabilities assumed are based upon assumptions believed to be reasonable using established valuation techniques that consider a number of factors, and when appropriate, valuations performed by independent third-party appraisers.

We consider whether circumstances or conditions exist which suggest that the carrying value of our goodwill and other long-lived assets might be impaired. If such circumstances or conditions exist, further steps are required in order to determine whether the carrying value of each of the individual assets exceeds its fair market value. If analysis indicates that an individual asset's carrying value does exceed its fair market value, the next step is to record a loss equal to the excess of the individual asset's carrying value over its fair value. The steps entail significant amounts of judgment and subjectivity.

We complete the annual analysis of the carrying value of our goodwill and other intangible assets during the fourth quarter of each fiscal year, or more frequently whenever events or changes in circumstances indicate that their carrying value may not be recoverable.

Considerable management judgment is necessary in reaching a conclusion regarding the reasonableness of fair value estimates, evaluating the most likely impact of a range of possible external conditions, considering the resulting operating changes and their impact on estimated future cash flows,

determining the appropriate discount factors to use, and selecting and weighting appropriate comparable market level inputs.

We continue to monitor our reporting units for any triggering events or other signs of impairment. For both the goodwill and indefinite-lived intangible assets in its reporting units, the recoverability of these amounts is dependent upon achievement of our projections and the continued execution of key initiatives related to revenue growth and improved profitability. The rates used in our projections are management's estimate of the most likely results over time, given a wide range of potential outcomes. The assumptions and estimates used in our impairment testing involve significant elements of subjective judgment and analysis by our management. While we believe that the assumptions we use are reasonable at the time made, changes in business conditions or other unanticipated events and circumstances may occur that cause actual results to differ materially from projected results and this could potentially require future adjustments to our asset valuations.

Carrying Value of Other Long-Lived Assets
We consider whether circumstances or conditions exist that suggest that the carrying value of a long-lived asset might be impaired. If such circumstances or conditions exist, further steps are required in order to determine whether the carrying value of the asset exceeds its fair market value. If analysis indicates that the asset's carrying value does exceed its fair market value, the next step is to record a loss equal to the excess of the asset's carrying value over its fair value. The steps entail significant amounts of judgment and subjectivity.

We segregate and similarly test whether the carrying value of assets classified as held for sale are recoverable. See Note 5 to the accompanying consolidated financial statements for additional information.

Economic Useful Life of Intangible Assets
We amortize intangible assets, such as licenses, trademarks, customer lists and distribution rights over their economic useful lives, unless those assets' economic useful lives are indefinite. If an intangible asset's economic useful life is deemed indefinite, that asset is not amortized. When we acquire an intangible asset, we consider factors such as the asset's history, our plans for that asset and the market for products associated with the asset. We consider these same factors when reviewing the economic useful lives of our previously acquired intangible assets as well. We review the economic useful lives of our intangible assets at least annually. The determination of the economic useful life of an intangible asset requires a significant amount of judgment and entails significant subjectivity and uncertainty. We complete our analysis of the remaining useful economic lives of our intangible assets during the fourth quarter of each fiscal year or when a triggering event occurs.

Share-Based Compensation
We account for share-based employee compensation plans under the fair value recognition and measurement provisions in accordance with applicable accounting standards, which require all share-based payments to employees, including grants of stock options, restricted stock awards, restricted stock units, performance restricted stock units ("PSU") and performance stock awards ("PSA"), to be measured based on the grant date fair value of the awards. The resulting expense is recognized over the periods during which the employee is required to perform service in exchange for the award. The estimated number of PSU's and PSA's that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised.

Stock options are recognized in the financial statements based on their fair values using an option pricing model at the date of grant. We use a Black-Scholes option-pricing model to calculate the fair value of options. This model requires various judgmental assumptions including volatility and expected option life.

For a more comprehensive list of our accounting policies, refer to Note 1 included in the accompanying consolidated financial statements. Note 1 describes several other policies, including policies governing

the timing of revenue recognition, that are important to the preparation of our consolidated financial statements, but do not meet the SEC's definition of critical accounting policies because they do not involve subjective or complex judgments.

New Accounting Guidance

Refer to Note 2 in the accompanying consolidated financial statements for a discussion of any new accounting pronouncements and the potential impact to our consolidated results of operations and financial position.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Changes in currency exchange rates and interest rates are our primary financial market risks.

Foreign Currency Risk

Our functional currency is the U.S. Dollar. By operating internationally, we are subject to foreign currency risk from transactions denominated in currencies other than the U.S. Dollar (“foreign currencies”). Such transactions include sales, certain inventory purchases and operating expenses. As a result of such transactions, portions of our cash, trade accounts receivable and trade accounts payable are denominated in foreign currencies.

For fiscal 2020, approximately 14% of our net sales revenue was in foreign currency compared to 13% for fiscal 2019 and 2018. These sales were primarily denominated in British Pounds, Euros, Mexican Pesos, and Canadian Dollars. We make most of our inventory purchases from the Far East and use the U.S. Dollar for such purchases. In our consolidated statements of income, exchange gains and losses resulting from the remeasurement of foreign taxes receivable, taxes payable, deferred tax assets, and deferred tax liabilities are recognized in their respective income tax lines, and all other foreign exchange gains and losses are recognized in SG&A.

We identify foreign currency risk by regularly monitoring our foreign currency-denominated transactions and balances. Where operating conditions permit, we reduce foreign currency risk by purchasing most of our inventory with U.S. Dollars and by converting cash balances denominated in foreign currencies to U.S. Dollars.

We hedge against certain foreign currency exchange rate-risk by using a series of forward contracts and zero-cost collars designated as cash flow hedges and mark-to-market derivatives to protect against the foreign currency exchange risk inherent in our forecasted transactions denominated in foreign currencies. Our primary objective in holding derivatives is to reduce the volatility of net earnings and cash flows, and the net asset value associated with changes in foreign currency exchange rates. Our foreign currency risk management strategy includes both hedging instruments and derivatives that are not designated as hedging instruments, which generally have terms of up to 18 to 24 months. We do not enter into any forward exchange contracts or similar instruments for trading or other speculative purposes. We expect that as currency market conditions warrant, and our foreign denominated transaction exposure grows, we will continue to execute additional contracts in order to hedge against certain potential foreign exchange losses. As of February 29, 2020 and February 28, 2019, a hypothetical adverse 10% change in foreign currency rates would reduce the carrying and fair values of the hedging instruments and derivatives by $8.1 and $8.2 million on a pre-tax basis, respectively. This calculation is for risk analysis purposes and does not purport to represent actual losses or gains in fair value that we could incur. It is important to note that the change in value represents the estimated change in fair value of the contracts. Actual results in the future may differ materially from these estimated results due to actual developments in the global financial markets. Because the contracts hedge an underlying exposure, we would expect a similar and opposite change in foreign exchange gains or losses over the same periods as the contracts. Refer to Note 18 to the accompanying consolidated financial statements for further information regarding these instruments.

A significant portion of the products we sell are purchased from third-party manufacturers in China. The Chinese Renminbi has fluctuated against the U.S. Dollar in recent years and in fiscal 2020 the Chinese Renminbi weakened against the U.S. Dollar by approximately 5.0%. If China's currency continues to fluctuate against the U.S. Dollar in the short-to-intermediate term, we cannot accurately predict the impact of those fluctuations on our results of operations. Accordingly, there can be no assurance that foreign exchange rates will be stable in the future or that fluctuations in Chinese foreign currency markets will not have a material adverse effect on our business, results of operations and financial condition.

Interest Rate Risk

Interest on our outstanding debt as of February 29, 2020 is floating, as such, we are exposed to changes in short-term market interest rates and these changes in rates will impact our net interest expense. We hedge against interest rate volatility by using interest rate swaps to hedge a portion of our outstanding floating rate debt. Additionally, our cash and short-term investments generate interest income that will vary based on changes in short-term interest. As of February 29, 2020 and February 28, 2019, a hypothetical adverse 10% change in interest rates would reduce the carrying and fair values of the interest rate swaps by $0.6 and $2.1 million on a pre-tax basis, respectively. This calculation is for risk analysis purposes and does not purport to represent actual losses or gains in fair value that we could incur. It is important to note that the change in value represents the estimated change in the fair value of the swaps. Actual results in the future may differ materially from these estimated results due to actual developments in the global financial markets. Because the swaps hedge an underlying exposure, we would expect a similar and opposite change in floating interest rates over the same periods as the swaps. Refer to Notes 16 and 18 to the accompanying consolidated financial statements for further information regarding our interest rate sensitive assets and liabilities.

Item 8. Financial Statements and Supplementary Data

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All other schedules are omitted as the required information is included in the consolidated financial statements or is not applicable.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Helen of Troy's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined by Rules 13a-15(f) or 15d-15(f) under the Securities Exchange Act.

Our internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

There are inherent limitations in the effectiveness of internal control over financial reporting, including the possibility that misstatements may not be prevented or detected. Furthermore, the effectiveness of internal controls may become inadequate because of future changes in conditions, or variations in the degree of compliance with our policies or procedures.

Our management assesses the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

On January 23, 2020, we completed our acquisition of Drybar Products LLC ("Drybar Products"). In accordance with Securities Exchange Commission guidance permitting a company to exclude an acquired business from management's assessment of the effectiveness of internal control over financial reporting for the year in which the acquisition is completed, we have excluded Drybar Products from our assessment of the effectiveness of internal control over financial reporting as of February 29, 2020. The assets and net sales revenue of Drybar Products that were excluded from our assessment constituted approximately 1.6 and 0.4 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended February 29, 2020. The scope of management's assessment of the effectiveness of the design and operation of our disclosure controls and procedures as of February 29, 2020 includes all of our consolidated operations except for those disclosure controls and procedures of Drybar Products. See Note 9 for additional information regarding the Drybar Products acquisition. Based on our assessment, we have concluded that our internal control over financial reporting was effective as of February 29, 2020.

Our independent registered public accounting firm, Grant Thornton LLP, has issued an audit report on the effectiveness of our internal control over financial reporting. Their report appears on the following page.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Helen of Troy Limited

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of Helen of Troy Limited and subsidiaries (the "Company") as of February 29, 2020, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 29, 2020, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended February 29, 2020, and our report dated April 29, 2020 expressed an unqualified opinion on those financial statements.

Basis for opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Drybar Products LLC ("Drybar Products"), a wholly-owned subsidiary, whose financial statements reflect total assets and net sales revenue constituting 1.6 and 0.4 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended February 29, 2020. As indicated in Management's Report, Drybar Products was acquired during 2020. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Drybar Products.

Definition and limitations of internal control over financial reporting
A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP
Dallas, Texas
April 29, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Helen of Troy Limited

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of Helen of Troy Limited and subsidiaries (the "Company") as of February 29, 2020 and February 28, 2019, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended February 29, 2020, and the related notes and schedule (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 29, 2020 and February 28, 2019, and the results of its operations and its cash flows for each of the three years in the period ended February 29, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of February 29, 2020, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated April 29, 2020 expressed an unqualified opinion.

Change in accounting principle
As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for leases due to the adoption of Accounting Standard Codification 842, *Leases*. The Company adopted the new leasing standard by recognizing a cumulative catch-up adjustment to the opening balance sheet as of March 1, 2019.

Basis for opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters
The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill and Indefinite-Lived Intangible Impairment Assessment
The Company has $739.9 million of goodwill and $195.6 million of indefinite lived intangibles as of February 29, 2020. The Company determined it was necessary to estimate the fair value for its reporting units as of December 1, 2019, the Company's assessment date, to determine whether the fair value was less than the carrying amount for each of the reporting units. The Company estimates the fair value of its reporting unit using a weighting of fair values derived from the income and market approaches. The determination of fair value using the income approach is based on the present value of estimated future cash flows, which requires management to make significant estimates and assumptions of revenue growth rates and operating margins, and selection of the discount rate. The determination of the fair value using the market approach requires management to make significant assumptions related to market multiples of revenue and earnings derived from comparable publicly-traded companies with similar operating and

investment characteristics as the reporting unit. The Company estimates the fair value of its indefinite lived intangibles using relief from royalty method for its tradenames and multi-period excess earnings method for its licenses. The determination of fair value under both methods is based on the present value of estimated future cash flows, which requires management to make significant estimates and assumptions of revenue growth rates and operating margins, and selection of the discount and tax rates. Based on the results of the annual impairment testing, the Company recognized goodwill impairment of $25.5 million related to the personal care reporting unit due to changes in assumptions related to the projected future revenues and cash flows.

The principal consideration for our determination that the Company's goodwill and indefinite lived intangible impairment assessment as a critical audit matter are that there was a high estimation uncertainty due to significant judgements with respect to assumptions used to estimate the future revenues and cash flows, including revenue growth rates, forecasted costs, weighted average costs of capital and future market conditions as well as the valuation methodologies applied by the Company and the significance of the respective assets to total assets for the Company.

Our audit procedures related to the estimation of the fair value of the reporting units and indefinite lived intangibles included the following procedures, among others. We tested the effectiveness of controls relating to management's review of the assumptions used to develop the future revenues and cash flows, the reconciliation of future revenues and cash flows prepared by management to the data used in the impairment assessment, the discount rates used, and valuation methodologies applied by management. In addition to testing the effectiveness of controls, we also performed the following:

- Utilized an internal valuation specialist to evaluate:
    - The methodologies used and whether they were acceptable for the underlying assets or operations and being applied correctly by performing an independent calculation,
    - The calculation of the discount rate by recalculating the weighted average costs of capital, and
    - The qualifications of management based on their credentials and experience.
- Tested the revenue growth rate and forecasted costs by comparing such items to historical operating results of the respective reporting unit or indefinite lived intangible and by assessing the likelihood or capability of the reporting unit or indefinite lived intangible to undertake activities or initiatives underpinning significant drivers of growth in the forecasted period.

Drybar Products Acquisition

As described further in Note 9 to the consolidated financial statements, on January 23, 2020, the Company completed the acquisition of Drybar Products LLC ("Drybar Products") for a purchase price of $255.9 million. The Company accounted for the acquisition under the acquisition method of accounting for business combinations and the assets acquired and liabilities assumed were required to be recorded at fair value as of the transaction date, for which the Company utilized a third party valuation firm. We identified the estimation of the fair value of the assets acquired and liabilities assumed in the acquisition of Drybar Products as a critical audit matter.

The principal considerations for our determination that the estimation of the fair value of the assets acquired and liabilities assumed in the acquisition of Drybar Products was a critical audit matter are that there was a high estimation uncertainty due to significant judgements with respect to the selection of the valuation methodologies applied by the third party valuation firm, the assumptions used to estimate the future revenues and cash flows, including revenue growth rates, royalty rates, attrition rates, forecasted costs, weighted average costs of capital and future market conditions in the determination of the fair value of the intangible assets acquired.

Our audit procedures responsive to the estimation of the fair value of the assets acquired and liabilities assumed in the acquisition of Drybar Products included the following procedures, among others. We tested the effectiveness of controls relating to management's review of the assumptions used to develop the future revenues and cash flows, the reconciliation of future revenues and cash flows prepared by management to the data used in the third party valuation report, and the valuation methodologies applied by the third party valuation firm. In addition to testing the effectiveness of controls, we also performed the following:

- Utilized an internal valuation specialist to evaluate:
    - The methodologies used and whether they were acceptable for the underlying assets or operations and being applied correctly by performing an independent calculation,
    - The calculation of the discount rate by recalculating the weighted average costs of capital and evaluating future market conditions, and

  - The qualifications of the third party firm engaged by the Company based on their credentials and experience.
- Assessed the reasonableness of management's revenue growth rate and forecasted costs of Drybar Products by comparing such items to the historical operating results of the acquired entity and by assessing the likelihood or capability of the acquired entity to undertake activities or initiatives underpinning significant drivers of growth in the forecasted period.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2008.

Dallas, Texas
April 29, 2020

HELEN OF TROY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except shares and par value)	February 29, 2020	February 28, 2019
Assets		
Assets, current:		
Cash and cash equivalents	**$ 24,467**	$ 11,871
Receivables - principally trade, less allowances of $1,461 and $2,032	**348,023**	280,280
Inventory	**256,311**	302,339
Prepaid expenses and other current assets	**9,229**	10,369
Assets held for sale	**44,806**	—
Total assets, current	**682,836**	604,859
Property and equipment, net of accumulated depreciation of $132,340 and $123,744	**132,107**	130,338
Goodwill	**739,901**	602,320
Other intangible assets, net of accumulated amortization of $148,891 and $181,463	**300,952**	291,526
Operating lease assets	**32,645**	—
Deferred tax assets, net	**14,635**	7,991
Other assets, net of accumulated amortization of $2,167 and $2,115	**807**	12,501
Total assets	**$ 1,903,883**	$ 1,649,535
Liabilities and Stockholders' Equity		
Liabilities, current:		
Accounts payable, principally trade	**$ 152,674**	$ 143,560
Accrued expenses and other current liabilities	**183,157**	165,160
Income taxes payable	**1,181**	1,427
Long-term debt, current maturities	**1,884**	1,884
Total liabilities, current	**338,896**	312,031
Long-term debt, excluding current maturities	**337,421**	318,900
Lease liabilities, non-current	**40,861**	—
Deferred tax liabilities, net	**4,224**	5,748
Other liabilities, noncurrent	**20,758**	16,219
Total liabilities	**742,160**	652,898
Commitments and contingencies		
Stockholders' equity:		
Cumulative preferred stock, non-voting, $1.00 par. Authorized 2,000,000 shares; none issued	**—**	—
Common stock, $0.10 par. Authorized 50,000,000 shares; 25,193,766 and 24,946,046 shares issued and outstanding	**2,519**	2,495
Additional paid in capital	**268,043**	246,585
Accumulated other comprehensive income	**(7,005)**	1,191
Retained earnings	**898,166**	746,366
Total stockholders' equity	**1,161,723**	996,637
Total liabilities and stockholders' equity	**$ 1,903,883**	$ 1,649,535

See accompanying notes to consolidated financial statements.

HELEN OF TROY LIMITED AND SUBSIDIARIES

Consolidated Statements of Income

	Fiscal Years Ended Last Day of February,		
(in thousands, except per share data)	**2020**	**2019**	**2018**
Sales revenue, net	**$ 1,707,432**	$ 1,564,151	$ 1,478,845
Cost of goods sold	**972,966**	923,045	867,646
Gross profit	**734,466**	641,106	611,199
Selling, general and administrative expense ("SG&A")	**511,902**	438,141	424,833
Asset impairment charges	**41,000**	—	15,447
Restructuring charges	**3,313**	3,586	1,857
Operating income	**178,251**	199,379	169,062
Nonoperating income, net	**394**	340	327
Interest expense	**(12,705)**	(11,719)	(13,951)
Income before income tax	**165,940**	188,000	155,438
Income tax expense	**13,607**	13,776	26,556
Income from continuing operations	**152,333**	174,224	128,882
Loss from discontinued operations, net of tax	**—**	(5,679)	(84,436)
Net income	**$ 152,333**	$ 168,545	$ 44,446
Earnings (loss) per share - basic:			
Continuing operations	**$ 6.06**	$ 6.68	$ 4.76
Discontinued operations	**—**	(0.22)	(3.12)
Total earnings per share - basic	**$ 6.06**	$ 6.46	$ 1.64
Earnings (loss) per share - diluted:			
Continuing operations	**$ 6.02**	$ 6.62	$ 4.73
Discontinued operations	**—**	(0.22)	(3.10)
Total earnings per share - diluted	**$ 6.02**	$ 6.41	$ 1.63
Weighted average shares of common stock used in computing earnings per share:			
Basic	**25,118**	26,073	27,077
Diluted	**25,322**	26,303	27,254

See accompanying notes to consolidated financial statements.

HELEN OF TROY LIMITED AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

	Fiscal Years Ended Last Day of February,		
(in thousands)	**2020**	**2019**	**2018**
Net income	**$ 152,333**	$ 168,545	$ 44,446
Other comprehensive income (loss), net of tax:			
Cash flow hedge activity - interest rate swaps	**(8,331)**	(1,573)	1,705
Cash flow hedge activity - foreign currency contracts	**135**	2,133	(2,247)
Total other comprehensive income (loss), net of tax	**(8,196)**	560	(542)
Comprehensive income	**$ 144,137**	$ 169,105	$ 43,904

HELEN OF TROY LIMITED AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

(in thousands, including shares)	Common Stock Shares	Common Stock Par Value	Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balances at February 28, 2017	27,029	$ 2,703	$ 218,760	$ 1,173	$ 798,130	$ 1,020,766
Income from continuing operations	—	—	—	—	128,882	128,882
Loss from discontinued operations	—	—	—	—	(84,436)	(84,436)
Other comprehensive income (loss), net of tax	—	—	—	(542)	—	(542)
Exercise of stock options	126	12	6,547	—	—	6,559
Net issuance and settlement of restricted stock	198	20	(318)	—	—	(298)
Issuance of common stock related to stock purchase plan	16	2	1,525	—	—	1,527
Common stock repurchased and retired	(793)	(79)	(10,892)	—	(62,082)	(73,053)
Share-based compensation	—	—	15,054	—	—	15,054
Balances at February 28, 2018	26,576	2,658	230,676	631	780,494	1,014,459
Income from continuing operations	—	—	—	—	174,224	174,224
Loss from discontinued operations	—	—	—	—	(5,679)	(5,679)
Other comprehensive income (loss), net of tax	—	—	—	560	—	560
Exercise of stock options	126	13	6,262	—	—	6,275
Net issuance and settlement of restricted stock	147	15	(15)	—	—	—
Issuance of common stock related to stock purchase plan	31	3	2,392	—	—	2,395
Common stock repurchased and retired	(1,934)	(194)	(14,783)	—	(202,516)	(217,493)
Share-based compensation	—	—	22,053	—	—	22,053
Cumulative effect of accounting change	—	—	—	—	(157)	(157)
Balances at February 28, 2019	24,946	2,495	246,585	1,191	746,366	996,637
Income from continuing operations	—	—	—	—	152,333	152,333
Loss from discontinued operations	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	(8,196)	—	(8,196)
Exercise of stock options	93	9	5,344	—	—	5,353
Net issuance and settlement of restricted stock	202	20	(20)	—	—	—
Issuance of common stock related to stock purchase plan	30	3	2,833	—	—	2,836
Common stock repurchased and retired	(77)	(8)	(9,628)	—	(533)	(10,169)
Share-based compensation	—	—	22,929	—	—	22,929
Balances at February 29, 2020	25,194	$ 2,519	$ 268,043	$ (7,005)	$ 898,166	$ 1,161,723

See accompanying notes to consolidated financial statements.

HELEN OF TROY LIMITED AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Fiscal Years Ended Last Day of February,		
(in thousands)	**2020**	**2019**	**2018**
Cash provided by operating activities:			
Net income	**$ 152,333**	$ 168,545	$ 44,446
Less: Loss from discontinued operations	**—**	(5,679)	(84,436)
Income from continuing operations	**152,333**	174,224	128,882
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	**37,409**	29,927	33,730
Amortization of financing costs	**1,620**	1,015	887
Non-cash operating lease asset amortization	**1,682**	—	—
Provision for doubtful receivables	**529**	1,097	1,066
Non-cash share-based compensation	**22,929**	22,053	15,054
Non-cash intangible asset impairment charges	**41,000**	—	15,447
Loss (gain) on the sale or disposal of property and equipment	**188**	(540)	331
Deferred income taxes and tax credits	**(5,696)**	7,636	21,264
Changes in operating assets and liabilities, net of effects of acquisition of business:			
Receivables	**(60,562)**	(5,812)	(44,921)
Inventories	**45,482**	(50,828)	29,366
Prepaid expenses and other current assets	**863**	239	(383)
Other assets and liabilities, net	**24,075**	7,549	(16,728)
Accounts payable	**7,166**	14,219	23,689
Accrued expenses and other current liabilities	**5,296**	(1,526)	12,293
Accrued income taxes	**(3,021)**	1,315	(1,368)
Net cash provided by operating activities - continuing operations	**271,293**	200,568	218,609
Net cash provided (used) by operating activities - discontinued operations	**—**	(5,265)	5,598
Net cash provided by operating activities	**271,293**	195,303	224,207
Cash provided (used) by investing activities:			
Capital and intangible asset expenditures	**(17,759)**	(26,385)	(13,605)
Proceeds from the sale of property and equipment	**3**	1,138	13
Payments to acquire businesses, net of cash acquired	**(255,861)**	—	—
Net cash used by investing activities - continuing operations	**(273,617)**	(25,247)	(13,592)
Net cash provided (used) by investing activities - discontinued operations	**—**	—	49,226
Net cash provided (used) by investing activities	**(273,617)**	(25,247)	35,634
Cash used by financing activities:			
Proceeds from line of credit	**771,300**	667,250	521,200
Repayment of line of credit	**(752,500)**	(635,450)	(692,500)
Repayment of long-term debt	**(1,900)**	(1,900)	(25,700)
Proceeds from share issuances under share-based compensation plans	**8,189**	8,670	7,863
Repurchases of common stock in the open market and from share settlements	**(10,169)**	(217,493)	(73,053)
Net cash provided (used) by financing activities	**14,920**	(178,923)	(262,190)
Net increase (decrease) in cash and cash equivalents	**12,596**	(8,867)	(2,349)
Cash and cash equivalents, beginning balance	**11,871**	20,738	23,087
Cash and cash equivalents, ending balance	**24,467**	11,871	20,738
Less: Cash and cash equivalents of discontinued operations, ending balance	**—**	—	—
Cash and cash equivalents of continuing operations, ending balance	**$ 24,467**	$ 11,871	$ 20,738
Supplemental cash flow information:			
Interest paid	**$ 12,777**	$ 11,292	$ 13,543
Income taxes paid, net of refunds	**$ 23,279**	$ 4,277	$ 6,081
Supplemental non-cash items not included above resulting from the adoption of ASC 842			
Initial recognition of operating lease asset	**$ (37,082)**	$ —	$ —
Initial recognition of lease liabilities	**$ 47,223**	$ —	$ —
Accrued expenses and other current liabilities	**$ (2,873)**	$ —	$ —
Other assets and liabilities, net	**$ (7,311)**	$ —	$ —
Prepaid expenses and other current assets	**$ 43**	$ —	$ —

See accompanying notes to consolidated financial statements.

HELEN OF TROY LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(***in thousands of U.S. Dollars, except share and per share data, unless indicated otherwise***)

Note 1 - Summary of Significant Accounting Policies and Related Information

General

When used in these notes, unless otherwise indicated or the context suggests otherwise, references to “the Company”, “our Company”, “Helen of Troy”, “we”, “us”, or “our” refer to Helen of Troy Limited and its subsidiaries. We refer to our common shares, par value $0.10 per share, as “common stock.” References to “the FASB” refer to the Financial Accounting Standards Board. References to “GAAP” refer to U.S. generally accepted accounting principles. References to “ASU” refer to the codification of GAAP in the Accounting Standards Updates issued by the FASB. References to “ASC” refer to the codification of GAAP in the Accounting Standards Codification issued by the FASB.

We incorporated as Helen of Troy Corporation in Texas in 1968 and were reorganized as Helen of Troy Limited in Bermuda in 1994. We are a global designer, developer, importer, marketer, and distributor of an expanding portfolio of brand-name consumer products. As of February 29, 2020, we operated three segments: Housewares, Health & Home, and Beauty. Our Housewares segment provides a broad range of innovative consumer products for the home. Product offerings include food preparation tools and storage containers; cleaning, bath and garden tools and accessories; infant and toddler care products; and insulated beverage and food containers. The Health & Home segment focuses on healthcare devices such as thermometers, humidifiers, blood pressure monitors, and heating pads; water filtration systems; and small home appliances such as portable heaters, fans, air purifiers, and insect control devices. Our Beauty segment products include electric hair care, beauty care and wellness appliances; grooming tools and accessories; and liquid-, solid- and powder-based personal care and grooming products.

On December 20, 2017, we completed the divestiture of the Nutritional Supplements segment through the sale of Healthy Directions LLC and its subsidiaries to Direct Digital, LLC. The results of the Nutritional Supplements operations have been reported as discontinued operations for all periods presented in the consolidated financial statements (see Note 6). All other footnotes present results from continuing operations.

On January 23, 2020, we completed the acquisition of Drybar Products LLC ("Drybar Products"), for approximately $255.9 million in cash, subject to certain customary closing adjustments. Drybar Products is a fast-growing, innovative, trend setting prestige hair care and styling brand in the multi-billion-dollar beauty industry. As part of the transaction, Helen of Troy granted a worldwide license to Drybar Holdings LLC, the owner and long-time operator of Drybar blowout salons, to use the Drybar trademark in their continued operation of Drybar salons. The salons will exclusively use, promote, and sell Drybar products globally (see Note 9).

During the fourth quarter of fiscal 2020, we committed to a plan to divest certain assets within our mass market personal care business. The assets to be disposed of include intangible assets, inventory and fixed assets relating to our mass channel liquids, powder and aerosol products including brands such as Pert, Brut, Sure and Infusium. We expect the divestiture to occur within fiscal 2021. Accordingly, we have classified the identified assets of the disposal group as held for sale (see Note 5).

Our business is seasonal due to different calendar events, holidays and seasonal weather patterns. Historically, our highest sales volume and operating income occur in our third fiscal quarter ending November 30th. We purchase our products from unaffiliated manufacturers, most of which are located in China, Mexico and the United States.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Actual results may differ materially from those estimates.

Our consolidated financial statements are prepared in United States ("U.S.") Dollars. All intercompany accounts and transactions are eliminated in consolidation.

We have reclassified, combined or separately disclosed certain amounts in the prior years' consolidated financial statements and accompanying footnotes to conform to the current year's presentation, including discontinued operations (see Note 6) and the adoption of ASU 2014-09, Revenue from Contracts with Customers (Topic 606) (see Note 3).

Our significant accounting policies include:

Cash and cash equivalents

Cash equivalents include all highly liquid investments with an original maturity of three months or less. We maintain cash and cash equivalents at several financial institutions, which at times may not be federally insured or may exceed federally insured limits. We have not experienced any losses in such accounts and believe we are not exposed to any significant credit risks on such accounts. We consider money market accounts to be cash equivalents.

Receivables

Our receivables are comprised of trade credit granted to customers, primarily in the retail industry, offset by an allowance for doubtful receivables. Our allowance for doubtful receivables reflects our best estimate of probable losses, determined principally based on historical experience and specific allowances for known at-risk accounts. Our policy is to write off receivables when we have determined they will no longer be collectible. Write-offs are applied as a reduction to the allowance for doubtful accounts and any recoveries of previous write-offs are netted against bad debt expense in the period recovered.

We have a significant concentration of credit risk with three major customers at February 29, 2020 representing approximately 18%, 14%, and 13% of our gross trade receivables, respectively. During fiscal 2019 our significant concentration of credit risk with three major customers represented approximately 17%, 12%, and 12% of our gross trade receivables, respectively. In addition, as of February 29, 2020 and February 28, 2019, approximately 54% and 48%, respectively, of our gross trade receivables were due from our five top customers.

Foreign currency transactions and related derivative financial instruments

The U.S. Dollar is the functional currency for the Company and all of its subsidiaries; therefore, we do not have a translation adjustment recorded through accumulated other comprehensive income. All our non-U.S. subsidiaries' transactions involving other currencies have been re-measured in U.S. Dollars using exchange rates in effect on the date each transaction occurred. In our consolidated statements of income, exchange gains and losses resulting from the remeasurement of foreign taxes receivable, taxes payable, deferred tax assets, and deferred tax liabilities are recognized in their respective income tax lines and all other foreign exchange gains and losses are recognized in SG&A. In order to manage our exposure to changes in foreign currency exchange rates, we use forward currency contracts, zero-cost collars and cross-currency swaps to exchange foreign currencies for U.S. Dollars at specified rates. Derivatives for which we have elected and qualify for hedge accounting, are recorded on the balance sheet at their fair value and changes in the fair value of the forward exchange contracts and zero cost collars are recorded each period in our consolidated statements of comprehensive income until the underlying hedge transaction is settled, at which point changes in fair value are recorded in our consolidated statements of income. For derivatives which we have not elected, or do not qualify for, hedge accounting, changes in the fair value of the contracts are recorded each period in our consolidated statements of income. We evaluate all hedging transactions each quarter to determine that they remain

effective. Any material ineffectiveness is recorded as part of SG&A in our consolidated statements of income.

Inventory and cost of goods sold

Our inventory consists almost entirely of finished goods. Inventories are stated at the lower of average costs or net realizable value. We write down a portion of our inventory to net realizable value based on the historical success of product lines and estimates about future demand and market conditions, among other factors. Our average costs include the amounts we pay manufacturers for product, tariffs and duties associated with transporting product across national borders, freight costs associated with transporting the product from our manufacturers to our distribution centers, and general and administrative expenses directly attributable to acquiring inventory, as applicable.

General and administrative expenses in inventory include all the expenses of operating our sourcing activities and expenses incurred for production monitoring, product design, engineering, and packaging. We charged $44.6, $47.7, and $43.2 million of such general and administrative expenses to inventory during fiscal 2020, 2019 and 2018, respectively. We estimate that $16.0 and $15.6 million of general and administrative expenses directly attributable to the procurement of inventory were included in our inventory balances on hand at February 29, 2020 and February 28, 2019, respectively.

The “Cost of goods sold” line item in the consolidated statements of income is comprised of the book value of inventory sold to customers during the reporting period. When circumstances dictate that we use net realizable value as the basis for recording inventory, we base our estimates on expected future selling prices less expected disposal costs.

For fiscal 2020, 2019 and 2018, finished goods purchased from vendors in the Far East comprised approximately 76%, 74%, and 74%, respectively, of total finished goods purchased. During fiscal 2020, we had one vendor (located in Mexico) who fulfilled approximately 9% of our product requirements compared to 11% for fiscal 2019 and 2018. For fiscal 2020, 2019 and 2018, our top two manufacturers combined fulfilled approximately 18%, 20%, and 19% of our product requirements. Over the same periods, our top five suppliers fulfilled approximately 39%, 38%, and 34% of our product requirements, respectively.

Property and equipment

These assets are stated at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Expenditures for repair and maintenance of property and equipment are expensed as incurred. For tax purposes, accelerated depreciation methods are used where allowed by tax laws.

License agreements, trademarks, patents, and other intangible assets

A significant portion of our sales are made subject to trademark license agreements with various licensors. Our license agreements are reported on our consolidated balance sheets at cost, less accumulated amortization. The cost of our license agreements represent amounts paid to licensors to acquire the license or to alter the terms of the license in a manner that we believe to be in our best interest. Certain licenses have extension terms that may require additional payments to the licensor as part of the terms of renewal. We capitalize costs incurred to renew or extend the term of a license agreement and amortize such costs on a straight-line basis over the remaining term or economic life of the agreement, whichever is shorter. Royalty payments are not included in the cost of license agreements. Royalty expense under our license agreements is recognized as incurred and is included in our consolidated statements of income in SG&A. Net sales revenue subject to trademark license agreements requiring royalty payments comprised approximately 43%, 41% and 45% of consolidated net sales revenue for fiscal 2020, 2019 and 2018, respectively. During fiscal 2020, three license agreements accounted for net sales revenue subject to royalty payments of approximately 14%, 11% and 10% of consolidated net sales, respectively. No other license agreements had associated net sales revenue subject to royalty payments that accounted for 10% or more of consolidated net sales revenue.

We also sell products under trademarks and brand assets that we own. Trademarks and brand assets that we acquire from other entities are generally recorded on our consolidated balance sheets based upon the appraised fair value of the acquired asset, net of any accumulated amortization and impairment charges. Costs associated with developing trademarks internally are recorded as expenses in the period incurred. In certain instances where trademarks or brand assets have readily determinable useful lives, we amortize their costs on a straight-line basis over such lives. In some instances, we have determined that such acquired assets have an indefinite useful life. In these cases, no amortization is recorded. Patents acquired through acquisition, if material, are recorded on our consolidated balance sheets based upon the appraised value of the acquired patents and amortized over the remaining life of the patent. Additionally, we incur certain costs in connection with the design and development of products to be covered by patents, which are capitalized as incurred and amortized on a straight-line basis over the life of the patent in the jurisdiction filed, typically 14 years.

Other intangible assets include customer lists, distribution rights, patent rights, and non-compete agreements that we acquired. These are recorded on our consolidated balance sheets based upon the fair value of the acquired asset and amortized on a straight-line basis over the remaining life of the asset as determined either through outside appraisal or by the term of any controlling agreements.

Goodwill, intangible and other long-lived assets and related impairment testing

Goodwill is recorded as the difference, if any, between the aggregate consideration paid and the fair value of the net tangible and intangible assets received in the acquisition of a business. We evaluate goodwill at the reporting unit level (operating segment or one level below an operating segment). We measure the amount of any goodwill impairment based upon the estimated fair value of the underlying assets and liabilities of the reporting unit, including any unrecognized intangible assets and estimates of the implied fair value of goodwill. An impairment charge is recognized to the extent the recorded goodwill exceeds the implied fair value of goodwill.

We complete our analysis of the carrying value of our goodwill and other intangible assets annually, or whenever events or changes in circumstances indicate their carrying value may not be recoverable. If such circumstances or conditions exist, further steps are required in order to determine whether the carrying value of each of the individual assets exceeds its fair market value. If the analysis indicates that an individual asset’s carrying value does exceed its fair market value, the next step is to record a loss equal to the excess of the individual asset’s carrying value over its fair value. These steps entail significant amounts of judgment and subjectivity.

We perform our annual impairment testing for goodwill and indefinite-lived assets as of the beginning of the fourth quarter of our fiscal year (see Note 10).

Economic useful lives and amortization of intangible assets

We amortize intangible assets, such as licenses and trademarks, over their economic useful lives, unless those assets' economic useful lives are indefinite. If an intangible asset's economic useful life is deemed indefinite, that asset is not amortized. We review the economic useful lives of our intangible assets at least annually.

Intangible assets consist primarily of goodwill, license agreements, trademarks, brand assets, customer lists, distribution rights, patents, and patent licenses. For certain intangible assets subject to amortization, we use the straight-line method over appropriate periods ranging from 5 to 30 years (see Note 10).

Sales Returns

We allow for sales returns for defects in material and workmanship for periods ranging from two to five years. We recognize an allowance for sales returns to reduce sales to reflect our best estimate of future customer returns, determined principally based on historical experience and specific allowances for known pending returns.

Financial instruments

The carrying amounts of cash and cash equivalents, receivables, accounts payable, accrued expenses, and income taxes payable approximate fair value because of the short maturity of these items. See Note 17 for our assessment of the fair value of our long-term debt.

Income taxes and uncertain tax positions

The provision for income tax expense is calculated on reported income before income taxes based on current tax law and includes, in the current period, the cumulative effect of any changes in tax rates from those used previously in determining deferred tax assets and liabilities. Tax laws may require items to be included in the determination of taxable income at different times from when the items are reflected in the financial statements. Deferred tax balances reflect the effects of temporary differences between the financial statement carrying amounts of assets and liabilities and their tax bases, as well as from net operating losses and tax credit carryforwards, and are stated at enacted tax rates in effect for the year taxes are expected to be paid or recovered.

Deferred tax assets represent tax benefits for tax deductions or credits available in future years and require certain estimates and assumptions to determine whether it is more likely than not that all or a portion of the benefit will not be realized. The recoverability of these future tax deductions and credits is determined by assessing the adequacy of future expected taxable income from all sources, including the future reversal of existing taxable temporary differences, taxable income in carryback years, estimated future taxable income and available tax planning strategies. Should a change in facts or circumstances lead to a change in judgment about the ultimate recoverability of a deferred tax asset, we record or adjust the related valuation allowance in the period that the change in facts and circumstances occurs, along with a corresponding increase or decrease in income tax expense.

We record tax benefits for uncertain tax positions based upon management's evaluation of the information available at the reporting date. To be recognized in the financial statements, the tax position must meet the more-likely-than-not threshold that the position will be sustained upon examination by the tax authority based on technical merits assuming the tax authority has full knowledge of all relevant information. For positions meeting this recognition threshold, the benefit is measured as the largest amount of benefit that meets the more-likely-than-not threshold to be sustained. We periodically evaluate these tax positions based on the latest available information. For tax positions that do not meet the threshold requirement, we record liabilities for unrecognized tax benefits as a tax expense or benefit in the period recognized or reversed and disclose as a separate liability in our financial statements, including related accrued interest and penalties.

Revenue recognition

We adopted the provisions of ASU 2014-9 in the first quarter of fiscal 2019, and we elected to adopt the standard using the retrospective method. The core principle of the guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. We recognize revenue when control of, and title to, the product sold transfers to the customer. We measure revenue as the amount of consideration for which we expect to be entitled, in exchange for transferring goods.

We offer our customers certain incentives in the form of volume rebates, product markdown allowances, trade discounts, cash discounts, slotting fees, and other similar arrangements which are accounted for as variable consideration. In some cases, we apply judgment, such as contractual rates and historical payment trends, when estimating variable consideration. These programs are generally recorded as reductions of net sales revenue. In instances when we purchase a distinct good or service from our customer and fair value can be reasonably estimated, these amounts are expensed in our consolidated statements of income in SG&A. The amount of consideration granted to customers recorded in SG&A were $20.9, $17.0, and $11.8 million for fiscal 2020, 2019 and 2018, respectively.

Sales taxes and other similar taxes are excluded from revenue. We account for shipping and handling activities as a fulfillment cost. We do not have unsatisfied performance obligations since our performance obligations are satisfied at a single point in time.

Advertising

Advertising costs include cooperative retail advertising with our customers, traditional and digital media advertising and production expenses, and expenses associated with other promotional product messaging and consumer awareness programs. Advertising costs are expensed in the period in which they are incurred and included in our consolidated statements of income in SG&A. We incurred total advertising costs of $71.4, $62.4, and $53.7 million during fiscal 2020, 2019 and 2018, respectively.

Research and development expense

Research and development expenses consist primarily of salary and employee benefit expenses and contracted development efforts and expenses associated with development of products. Expenditures for research activities relating to product design, development and improvement are generally charged to expense as incurred and are included in our consolidated statements of income in SG&A. We incurred total research and development expenses of $17.8, $13.0, and $13.5 million during fiscal 2020, 2019 and 2018, respectively.

Shipping and handling revenue and expense

Shipping and handling revenue and expense are included in our consolidated statements of income in SG&A. This includes distribution center costs, third-party logistics costs and outbound transportation costs we incur. Our net expense for shipping and handling was $102.7, $89.4, $78.1 million during fiscal 2020, 2019 and 2018, respectively.

Share-based compensation plans

We account for share-based employee compensation plans under the fair value recognition and measurement provisions in accordance with applicable accounting standards, which require all share-based payments to employees, including grants of stock options, restricted stock awards (“RSA”), restricted stock units (“RSU”), performance stock awards ("PSA"), and performance stock units (“PSU”), to be measured based on the grant date fair value of the awards. The resulting expense is recognized over the periods during which the employee is required to perform service in exchange for the award. The estimated number of PSA's and PSU’s that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. All share-based compensation expense is recorded net of forfeitures in our consolidated statements of income.

Stock options are recognized in the financial statements based on their fair values using an option-pricing model at the date of grant. We use a Black-Scholes option-pricing model to calculate the fair value of options. This model requires various judgmental assumptions including volatility, forfeiture rates and expected option life.

See Note 11 for further information on our share-based compensation plans.

Note 2 - New Accounting Pronouncements

Not Yet Adopted

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) ASU 2019-12 "Income Taxes," which provides for certain updates to reduce complexity in the accounting for income taxes, including the utilization of the incremental approach for intra-period tax allocation, among others. The amendments in ASU 2019-12 are effective for fiscal years, and interim

periods within those fiscal years, beginning after December 15, 2020. We are currently evaluating the impact this guidance may have on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract.* ASU 2018-15 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 ASU is effective for us on March 1, 2020, and interim periods within those fiscal years. Early adoption is permitted. We believe that the adoption of this guidance will not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 removes certain disclosures, modifies certain disclosures and adds additional disclosures. The ASU is effective for us on March 1, 2020, and interim periods within those fiscal years. Early adoption is permitted. Certain disclosures in ASU 2018-13 would need to be applied on a retrospective basis and others on a prospective basis. We believe that the adoption of this guidance will not have a material impact on our consolidated financial statements.

There have been no other accounting pronouncements issued but not yet adopted that are expected to have a material impact on our consolidated financial statements.

Adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new guidance requires the recognition of lease liabilities, representing future minimum lease payments, on a discounted basis, and corresponding right-of-use assets on a balance sheet for most leases, along with requirements for enhanced disclosures to give financial statement users the ability to assess the amount, timing and uncertainty of cash flows arising from leasing arrangements. In July 2018, the FASB issued guidance which permits application of the new guidance at the beginning of the year of adoption, recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, in addition to the method of applying the new guidance retrospectively to each prior reporting period presented. We adopted the standard in the first quarter of fiscal 2020 using the transition method introduced by ASU 2018-11, which does not require revisions to comparative periods. We elected to implement the transition package of practical expedients permitted within the new standard, which included (i) not reassessing whether expired or existing contracts contain leases, (ii) not reassessing lease classification, and (iii) not revaluing initial direct costs for existing leases. Adoption of the new standard resulted in the recording of initial lease assets and lease liabilities of approximately $37.1 million and $47.2 million, respectively, as of March 1, 2019. The difference between the lease assets and lease liabilities primarily relates to deferred rent and unamortized lease incentives recorded in accordance with the previous lease guidance. The new standard did not materially impact our condensed consolidated statements of income or cash flows (see Note 4).

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities (Topic 815), which amends and simplifies hedge accounting with the intent of better aligning financial reporting for hedging relationships with an entity's risk management activities. In April 2019, the FASB issued ASU 2019-04, which provides clarifications and minor improvements related to Topic 815. Adoption of this guidance in the first quarter of fiscal 2020 did not have a material impact on our consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (*Topic 220*). The amendments in ASU 2018-02 allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax

effects resulting from the Tax Cuts and Jobs Act of 2017. Adoption of this guidance in the first quarter of fiscal 2019 did not have a material impact on our consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, *Compensation – Stock Compensation (Topic 718)*: *Scope of Modification Accounting (Topic 718)*. This update amends the scope of modification accounting surrounding share-based payment arrangements as issued in ASU 2016-09 by providing guidance on the various types of changes which would trigger modification accounting for share-based payment awards. Adoption of this guidance in the first quarter of fiscal 2019 did not have a material impact on our consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *Accounting for Income Taxes: Intra–Entity Asset Transfers of Assets Other Than Inventory (Topic 740)*. ASU 2016-16 amends accounting guidance for intra-entity transfers of assets other than inventory to require the recognition of taxes when the transfer occurs. The amendment was effective for us on March 1, 2018. A modified retrospective approach is required for transition to the new guidance, with a cumulative-effect adjustment consisting of the net impact from (1) the write-off of any unamortized expense previously deferred and (2) recognition of any previously unrecognized deferred tax assets, net of any valuation allowance. The new guidance does not include any specific new disclosure requirements. Adoption of this guidance in the first quarter of fiscal 2019 did not have a material impact on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 provides a framework for revenue recognition that replaces most existing GAAP revenue recognition guidance. We adopted the guidance in the first quarter of fiscal 2019 (see Note 3).

In January 2017, the FASB, issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* This guidance provides for a single-step quantitative test to identify and measure impairment, requiring an entity to recognize an impairment charge for the amount by which the goodwill carrying amount exceeds the reporting unit's fair value. We adopted the guidance on March 1, 2017, applying it on a prospective basis. The application of this guidance did not have a material impact on our financial statements.

Note 3 - Revenue Recognition

We adopted the provisions of ASU 2014-09 in the first quarter of fiscal 2019, and we elected to adopt the standard using the retrospective method. The core principle of the guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Our revenue is primarily generated from the sale of non-customized consumer products to customers. Revenue is recognized when control of, and title to, the product sold transfers to the customer. Therefore, the timing and amount of revenue recognized was not materially impacted by the new guidance. We have thus concluded that the adoption of the guidance did not have a material impact on our consolidated financial statements. The provisions of the new guidance did however impact the classification of certain consideration paid to our customers. We therefore have reclassified an immaterial amount of such payments from SG&A to a reduction of net sales revenue for all periods presented. Also, in accordance with the guidance, we reclassified an immaterial amount of estimated sales returns from a reduction of receivables to accrued expenses and other current liabilities for all periods presented. We elected to adopt the guidance using the full retrospective method.

We measure revenue as the amount of consideration for which we expect to be entitled, in exchange for transferring goods. Certain customers may receive cash incentives such as customer discounts (including volume or trade discounts), advertising discounts and other customer-related programs which are accounted for as variable consideration. In some cases, we apply judgment, such as contractual

rates and historical payment trends, when estimating variable consideration. In accordance with the guidance, most variable consideration is classified as a reduction to net sales.

Sales taxes and other similar taxes are excluded from revenue. We elected to account for shipping and handling activities as a fulfillment cost as permitted by the guidance. We do not have unsatisfied performance obligations since our performance obligations are satisfied at a single point in time.

The effect of the adoption of ASU 2014-09 on the consolidated financial statements from continuing operations is as follows:

(in thousands)	**Before Reclassification**		**After Reclassification**
Balance Sheet	**February 28, 2018**	**Reclassification**	**February 28, 2018**
Receivables	$ 273,168	$ 2,397	$ 275,565
Accrued expenses and other current liabilities	$ 165,864	$ 2,397	$ 168,261

(in thousands)	**Before Reclassification**		**After Reclassification**
Statement of Income	**Fiscal Year Ended February 28, 2018**	**Reclassification**	**Fiscal Year Ended February 28, 2018**
Sales revenue, net	$ 1,489,747	$ (10,902)	$ 1,478,845
SG&A	$ 435,735	$ (10,902)	$ 424,833

Note 4 - Leases

Adoption of the new lease standard resulted in the recording of lease assets and lease liabilities of approximately $37.1 million and $47.2 million, respectively, as of March 1, 2019. The difference between the lease assets and lease liabilities primarily relates to unamortized lease incentives and deferred rent recorded in accordance with the previous lease guidance. The new standard did not materially impact our consolidated statements of income or cash flows.

The Company primarily has leases for office space, which are classified as operating leases. Operating leases are included in operating lease assets, accrued expenses and other current liabilities, and lease liabilities, non-current in our consolidated balance sheets. Operating lease assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at commencement date. As most of our lease contracts do not provide an explicit interest rate, we use an estimated secured incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

We include options to extend or terminate the lease in the lease term for accounting considerations, when it is reasonably certain that we will exercise that option. Our leases have remaining lease terms of less than one year to 13 years. Lease expense for lease payments is recognized on a straight-line basis over the lease term in a manner similar to previous accounting guidance. We do not recognize leases with an initial term of twelve months or less on the balance sheet and instead recognize the related lease payments as expense in the condensed consolidated statements of income on a straight-line basis over the lease term. We account for lease and non-lease components as a single lease component for all asset classes. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. Under the new guidance, operating lease expense recognized in the condensed consolidated statements of income during fiscal 2020 was $6.4 million. Short-term lease expense is excluded from this amount and is not material. Rent expense related to all our operating leases was $7.8, $7.9, and $5.5 million for fiscal 2020, 2019 and 2018, respectively.

The non-cash component of lease expense is included as an adjustment to reconcile income from continuing operations to net cash provided by operating activities in the condensed consolidated statements of cash flows.

A summary of supplemental lease information is as follows:

	February 29, 2020
Weighted average remaining lease term (years)	10.8
Weighted average discount rate	6.13%
Year-to-date cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 4,579

A summary of our estimated lease payments, imputed interest and liabilities are as follows:

(in thousands)	
Fiscal 2021	$ 6,082
Fiscal 2022	5,959
Fiscal 2023	5,601
Fiscal 2024	5,102
Fiscal 2025	5,762
Thereafter	34,370
Total future lease payments	62,876
Less: imputed interest	(18,374)
Present value of lease liability	$ 44,502

	February 29, 2020
Lease liabilities, current (1)	$ 3,641
Lease liabilities, non-current	40,861
Total lease liability	$ 44,502

(1) Included as part of "Accrued expenses and other current liabilities" on the condensed consolidated balance sheet.

Note 5 - Assets Held for Sale

We record assets held for sale in accordance with ASC 360 “Property, Plant, and Equipment,” and present them as single asset amounts in our condensed consolidated financial statements. Assets held for sale consist of assets that we expect to sell within the next year. The assets are reported at the lower of carrying amount or fair value less costs to sell. We cease recording depreciation on assets that are classified as held for sale. If the determination is made that we no longer expect to sell an asset within the next year, the asset is reclassified out of held for sale. We review assets held for sale each reporting period to determine whether the existing carrying amounts are fully recoverable in comparison to estimated fair values.

During the fourth quarter of fiscal 2020, we committed to a plan to divest certain assets within our mass market personal care business. The assets to be disposed of include intangible assets, inventory and fixed assets relating to our mass channel liquids, powder and aerosol products under brands such as Pert, Brut, Sure and Infusium. We expect the divestiture to occur within fiscal 2021. Accordingly, we have classified the identified assets of the disposal group as held for sale.

The carrying amounts of the major classes of assets for the personal care business that were classified held for sale are as follows:

(in thousands)	February 29, 2020
Assets	
Inventory	$ 17,150
Property and equipment, net of accumulated depreciation of $403	83
Goodwill	9,849
Other intangible assets, net of accumulated amortization of $4,474	17,724
Total assets held for sale	$ 44,806

The following table summarizes income (loss) before income tax for the personal care business:

	Fiscal Years Ended Last Day of February,		
(in thousands)	2020	2019	2018
Income (loss) before income taxes	$ (29,760)	$ 23,190	$ 1,713

Income (loss) before income taxes includes asset impairment charges of $41.0 million, $0 and $15.4 million for fiscal 2020, 2019 and 2018, respectively. It also includes corporate overhead expenses that are allocable to the business.

Note 6 - Discontinued Operations

In December 2017, we completed the divestiture of the Nutritional Supplements segment through the sale of Healthy Directions LLC and its subsidiaries ("Healthy Directions") to Direct Digital, LLC. The purchase price from the sale was comprised of $46.0 million in cash, which was paid at closing, and a supplemental payment with a target value of $25.0 million, payable on or before August 1, 2019. During fiscal 2019, the final amount of the supplemental payment was adjusted to $10.8 million based on a settlement with respect to the calculation of the performance of Healthy Directions through February 28, 2018. The adjustment resulted in a corresponding pre-tax charge of $5.8 million ($4.4 million after tax) to discontinued operations. The supplemental payment of $10.8 million was received during the second quarter of fiscal 2020. Also, during fiscal 2019, we recorded an additional charge of $1.5 million ($1.3 million after tax) to discontinued operations, resulting from the resolution of certain contingencies. In conjunction with the sale of the business, we provided certain transition services that ceased during the second quarter of fiscal 2020.

There were no balance sheet amounts related to discontinued operations at either balance sheet date presented. The results of operations associated with discontinued operations for fiscal 2020, 2019 and 2018 are presented in the following table:

(in thousands)	February 29, 2020	February 28, 2019	February 28, 2018 (1)
Sales revenue, net	$ —	$ —	$ 99,013
Cost of goods sold	—	—	28,744
Gross profit	—	—	70,269
Selling, general and administrative expense ("SG&A")	—	—	72,419
Asset impairment charges (2)	—	—	132,297
Restructuring charges	—	—	621
Operating loss	—	—	(135,068)
Gain (loss) on sale before income tax	—	(7,257)	1,624
Interest expense	—	—	(367)
Loss before income tax	—	(7,257)	(133,811)
Income tax benefit	—	1,578	49,375
Loss from discontinued operations	$ —	$ (5,679)	$ (84,436)

(1) Fiscal 2018 included approximately 9.6 months of operating results prior to the divestiture on December 20, 2017.

(2) Impairment charges included goodwill impairment charges of $96.6 million and trademark impairment charges of $35.7 million during fiscal 2018. Total after tax asset impairment charges were $83.5 million for fiscal 2018.

Note 7 - Property and Equipment

A summary of property and equipment is as follows:

	Estimated Useful Lives (Years)	Fiscal Years Ended Last Day of February,	
(in thousands)		**2020**	**2019**
Land	—	**$ 12,644**	$ 12,644
Building and improvements	3 — 40	**115,592**	113,820
Computer, furniture and other equipment	3 — 15	**89,257**	84,711
Tools, molds and other production equipment	3 — 7	**37,652**	36,378
Construction in progress	—	**9,302**	6,529
Property and equipment, gross		**264,447**	254,082
Less accumulated depreciation		**(132,340)**	(123,744)
Property and equipment, net		**$ 132,107**	$ 130,338

We recorded $16.1, $15.7 and $14.9 million of depreciation expense including $4.3, $4.1 and $3.7 million in cost of goods sold and $11.8, $11.6 and $11.2 million in SG&A in the consolidated statements of income for fiscal 2020, 2019 and 2018, respectively.

Note 8 - Accrued Expenses and Other Current Liabilities

A summary of accrued expenses and other current liabilities is as follows:

	Fiscal Years Ended Last Day of February,	
(in thousands)	2020	2019
Accrued compensation, benefits and payroll taxes	**$ 49,624**	$ 36,782
Accrued sales discounts and allowances	**34,176**	28,655
Accrued sales returns	**22,972**	23,316
Accrued advertising	**31,351**	26,549
Other	**45,034**	49,858
Total accrued expenses and other current liabilities	**$ 183,157**	$ 165,160

Note 9 - Drybar Products Acquisition

On January 23, 2020, we completed the acquisition of Drybar Products for approximately $255.9 million in cash, subject to certain customary closing adjustments. Acquisition-related expenses incurred during fiscal 2020 were approximately $2.5 million before tax. The purchase price was funded by borrowings under the Company's revolving credit agreement.

Drybar is a fast-growing, innovative, trend setting prestige hair care and styling brand in the multi-billion-dollar beauty industry. As part of the transaction, we granted a worldwide license to Drybar Holdings LLC, the owner and long-time operator of Drybar blowout salons, to use the Drybar trademark in their continued operation of Drybar salons. The salons will exclusively use, promote, and sell Drybar products globally.

We accounted for the acquisition as a purchase of a business and recorded the excess purchase price as goodwill. We completed our analysis of the economic lives of the assets acquired and determined the appropriate fair values of the acquired assets. We assigned $30.0 million to trade names and are amortizing over a 15 year expected life. We assigned $17.0 million to customer relationships and are amortizing over a 14.5 year expected life. We used historical attrition rates to assign the expected life. We assigned $10.0 million to a consulting agreement and $6.0 million to a non-compete provision, and we are amortizing these assets over expected lives of 5 and 10 years, respectively.

The following schedule presents the net assets recorded upon acquisition of Drybar Products at January 23, 2020:

(in thousands)	
Assets:	
Receivables	$ 7,710
Inventory	16,603
Prepaid expenses and other current assets	190
Property and equipment	1,472
Goodwill	172,933
Trade names - definite	30,000
Other intangible assets - definite	33,000
Subtotal - assets	261,908
Liabilities:	
Accounts payable	1,948
Accrued expenses	4,099
Subtotal - liabilities	6,047
Net assets recorded	$ 255,861

The fair values of the above assets acquired and liabilities assumed were estimated by applying income and market approaches. Key assumptions include various discount rates based upon a 12.6% weighted average cost of capital; royalty rates used in the determination trade names and customer relationships asset values of 5.0% and 3.0%, respectively; and a customer attrition rate used in the determination of customer relationship values of 6.7% per year.

The impact of the Drybar Products acquisition on our consolidated statements of income for fiscal 2020 is as follows:

January 23, 2020 (acquisition date) though February 29, 2020 ***(in thousands, except earnings per share data)***	**Fiscal Year Ended February 29, 2020**
Sales revenue, net	$ 6,039
Income from continuing operations	1,483
Earnings per share from continuing operations:	
Basic	$ 0.06
Diluted	$ 0.06

The following supplemental unaudited pro forma information presents our financial results as if the Drybar Products acquisition had occurred at the beginning of the fiscal years presented. This supplemental pro forma information has been prepared for comparative purposes and would not necessarily indicate what may have occurred as if the acquisition had been completed on March 1, 2018, and this information is not intended to be indicative of future results:

As if the acquisition had been completed on March 1. 2018 ***(in thousands, except earnings per share data)***	**Fiscal Years Ended the Last Day of February,**	
	2020	**2019**
Sales revenue, net	$ 1,773,592	$ 1,621,117
Income from continuing operations	162,114	179,550
Earnings per share from continuing operations:		
Basic	$ 6.45	$ 6.89
Diluted	$ 6.40	$ 6.83

Note 10 - Goodwill and Intangibles

We do not record amortization expense for goodwill or other intangible assets that have indefinite useful lives. Amortization expense is recorded for intangible assets with definite useful lives. Some of our goodwill is held in jurisdictions that allow deductions for tax purposes, however, in some of those jurisdictions we have no tax basis for the associated goodwill recorded for book purposes. Accordingly, the majority of our goodwill is not deductible for tax purposes. We perform annual impairment testing each fiscal year and interim impairment testing, if necessary. We write down any asset deemed to be impaired to its fair value.

Our impairment test methodology uses primarily estimated future discounted cash flow models (“DCF Models”). The DCF Models use a number of assumptions including expected future cash flows from the assets, volatility, risk free rate, and the expected life of the assets, the determination of which require significant judgments from management. In determining the assumptions to be used, we consider the existing rates on Treasury Bills, yield spreads on assets with comparable expected lives, historical volatility of our common stock and that of comparable companies, and general economic and industry trends, among other considerations. When stock market or other conditions warrant, we expand our traditional impairment test methodology to give weight to other methods that provide additional observable market information in order to better reflect the current risk level being incorporated into market prices and in order to corroborate the fair values of each of our reporting units. Management will place increased reliance on these additional methods in conjunction with its DCF Models in the event that the total market capitalization of its stock drops below its consolidated stockholders’ equity balance for a sustained period.

Considerable management judgment is necessary in reaching a conclusion regarding the reasonableness of fair value estimates, evaluating the most likely impact of a range of possible external conditions, considering the resulting operating changes and their impact on estimated future cash flows, determining the appropriate discount factors to use, and selecting and weighting appropriate comparable market level inputs.

The fair values used in our impairment tests are determined using estimated future discounted cash flows and relative market-based data. The valuation techniques utilized assumptions we believed to be appropriate in the circumstances; however, future circumstances attributable to a strategic change in our business could result in changes to those assumptions and other charges or losses relating our segments may be recorded and could be material. We are unable to project the amount of any expense, charge or loss that may be incurred in future periods.

Impairment Testing in Fiscal 2020 - We recorded non-cash asset impairment charges related to goodwill and intangible assets of $41.0 million ($36.4 million after tax). The charges were related to mass market personal care assets within our Beauty segment, which were written down to their estimated fair values, and are classified as assets held for sale.

Impairment Testing in Fiscal 2019 - We did not record any impairment charges related to goodwill or intangible assets.

Impairment Testing in Fiscal 2018 - As a result of our testing of indefinite-lived trademarks, we recorded non-cash impairment charges of $15.4 million ($13.8 million after tax). The charges were related to certain mass market personal care trademarks in our Beauty segment, which were written down to estimated fair value.

The following tables summarize the changes in our goodwill and intangible assets by segment for fiscal 2020 and 2019:

		Balances at February 28, 2019		Year Ended February 29, 2020				Balances at February 29, 2020			
(in thousands)	Weighted Average Life (Years)	Gross Carrying Amount	Cumulative Goodwill Impairments	Additions	Impairments	Retirement / Reclassification Adjustments	Reclassification to Held for Sale	Gross Carrying Amount	Cumulative Goodwill Impairments	Accumulated Amortization (1)	Net Book Value
Housewares:											
Goodwill		$ 282,056	$ —	$ —	$ —	$ —	$ —	$ 282,056	$ —	$ —	$ 282,056
Trademarks - indefinite		134,200	—	—	—	—	—	134,200	—	—	134,200
Other intangibles - finite	13.8	41,417	—	709	—	(31)	—	42,095	—	(21,469)	20,626
Subtotal		457,673	—	709	—	(31)	—	458,351	—	(21,469)	436,882
Health & Home:											
Goodwill		284,913	—	—	—	—	—	284,913	—	—	284,913
Trademarks - indefinite		54,000	—	—	—	—	—	54,000	—	—	54,000
Licenses - finite	3.7	17,050	—	—	—	—	—	17,050	—	(15,752)	1,298
Licenses - indefinite		7,400	—	—	—	—	—	7,400	—	—	7,400
Other Intangibles - finite	5.8	117,967	—	256	—	—	—	118,223	—	(98,142)	20,081
Subtotal		481,330	—	256	—	—	—	481,586	—	(113,894)	367,692
Beauty:											
Goodwill		81,841	(46,490)	172,933	(25,503)	—	(9,849)	244,925	(71,993)	—	172,932
Trademarks - indefinite		30,407	—	—	—	(30,407)	—	—	—	—	—
Trademarks - finite	14.9	150	—	30,000	(11,168)	30,407	(15,997)	33,392	—	(3,564)	29,828
Licenses - indefinite		10,300	—	—	—	(10,300)	—	—	—	—	—
Licenses - finite	2.8	13,696	—	—	(4,234)	10,300	(6,065)	13,697	—	(12,800)	897
Other intangibles - finite	10.7	46,402	—	33,000	(95)	—	(136)	79,171	—	(46,549)	32,622
Subtotal		182,796	(46,490)	235,933	(41,000)	—	(32,047)	371,185	(71,993)	(62,913)	236,279
Total		$1,121,799	$ (46,490)	$ 236,898	$ (41,000)	$ (31)	$ (32,047)	$1,311,122	$ (71,993)	$ (198,276)	$ 1,040,853

(1) Reflects the retirement and reclassification of accumulated amortization of $49.4 million related to impaired assets and assets held for sale related to the Personal Care business in the Beauty segment.

(in thousands)	Weighted Average Life (Years)	Balances at February 28, 2018 Gross Carrying Amount	Balances at February 28, 2018 Cumulative Goodwill Impairments	Year Ended February 28, 2019 Additions	Year Ended February 28, 2019 Impairments	Year Ended February 28, 2019 Retirement Adjustments	Balances at February 28, 2019 Gross Carrying Amount	Balances at February 28, 2019 Cumulative Goodwill Impairments	Balances at February 28, 2019 Accumulated Amortization	Balances at February 28, 2019 Net Book Value
Housewares:										
Goodwill		$ 282,056	$ —	$ —	$ —	$ —	$ 282,056	$ —	$ —	$ 282,056
Trademarks - indefinite		134,200	—	—	—	—	134,200	—	—	134,200
Other intangibles - finite	14.7	40,828	—	684	—	(95)	41,417	—	(19,398)	22,019
Subtotal		457,084	—	684	—	(95)	457,673	—	(19,398)	438,275
Health & Home:										
Goodwill		284,913	—	—	—	—	284,913	—	—	284,913
Trademarks - indefinite		54,000	—	—	—	—	54,000	—	—	54,000
Licenses - finite	4.7	15,300	—	1,750	—	—	17,050	—	(15,402)	1,648
Licenses - indefinite		7,400	—	—	—	—	7,400	—	—	7,400
Other Intangibles - finite	5.5	117,586	—	381	—	—	117,967	—	(87,953)	30,014
Subtotal		479,199	—	2,131	—	—	481,330	—	(103,355)	377,975
Beauty:										
Goodwill		81,841	(46,490)	—	—	—	81,841	(46,490)	—	35,351
Trademarks - indefinite		30,407	—	—	—	—	30,407	—	—	30,407
Trademarks - finite	9.6	150	—	—	—	—	150	—	(102)	48
Licenses - indefinite		10,300	—	—	—	—	10,300	—	—	10,300
Licenses - finite	3.8	13,696	—	—	—	—	13,696	—	(12,482)	1,214
Other intangibles - finite	4.6	46,402	—	—	—	—	46,402	—	(46,126)	276
Subtotal		182,796	(46,490)	—	—	—	182,796	(46,490)	(58,710)	77,596
Total		$ 1,119,079	$ (46,490)	$ 2,815	$ —	$ (95)	$ 1,121,799	$ (46,490)	$ (181,463)	$ 893,846

The following table summarizes the amortization expense attributable to intangible assets recorded in SG&A in the consolidated statements of income for fiscal 2020, 2019 and 2018, as well as estimated amortization expense for fiscal 2021 through 2025:

Aggregate Amortization Expense ***(in thousands)***	
Fiscal 2020	**$ 21,271**
Fiscal 2019	14,204
Fiscal 2018	18,854

Estimated Amortization Expense ***(in thousands)***	
Fiscal 2021	$ 16,600
Fiscal 2022	10,276
Fiscal 2023	10,202
Fiscal 2024	9,817
Fiscal 2025	9,130

Note 11 - Share-Based Compensation Plans

During the fiscal year we had equity transactions under one expired and two active share-based compensation plans. The expired plans consist of the 2008 Stock Incentive Plan (the “2008 Stock Incentive Plan”). The active plans consists of the 2018 Stock Incentive Plan (the "2018 Plan") and the 2018 Employee Stock Purchase Plan (the "2018 ESPP"). See the below tables for additional information. The plans are administered by the Compensation Committee of the Board of Directors, which consists of non-employee directors who are independent under the applicable listing standards for companies traded on the NASDAQ Stock Market LLC.

On August 22, 2018, our shareholders approved the 2018 Plan. The 2018 Plan permits the granting of stock options, stock appreciation rights, restricted stock awards ("RSAs"), restricted stock units ("RSUs"),

performance stock awards ("PSAs"), performance stock units ("PSUs"), and other stock-based awards. The aggregate number of shares for issuance under the 2018 Plan will not exceed 2,000,000 shares.

A summary of shares available for issue under the 2018 Plan follows:

Shares originally authorized	2,000,000
Less share awards issued	(6,464)
Plus forfeitures	32,126
Less share awards previously vested and settled	—
Subtotal	2,025,662
Less RSUs and RSAs issuable upon vesting (1)	(259,932)
Less maximum PSUs and PSAs issuable upon vesting (1)	(122,402)
Shares available for issuance	1,643,328

(1) RSUs, PSUs, RSAs, and PSAs potentially issuable are estimated assuming the maximum payouts adjusted for actual forfeitures to date.

The 2018 ESPP: On August 22, 2018, our shareholders approved the 2018 ESPP. The aggregate number of shares of common stock that may be purchased under the 2018 ESPP will not exceed 750,000 shares. Under the terms of the plan, employees may authorize the withholding of up to 15% of their wages or salaries to purchase our shares of common stock, not to exceed $25,000 of the fair market value of such shares for any calendar year. The purchase price for shares acquired under the 2018 ESPP is equal to the lower of 85% of the share's fair market value on either the first day of each option period or the last day of each period. The plan will expire by its terms on September 1, 2028. Shares of common stock purchased under the 2018 ESPP vest immediately at the time of purchase. Accordingly, the fair value award associated with their discounted purchase price is expensed at the time of purchase. During fiscal 2020, there were 14,848 shares purchased under the plan.

We recorded share-based compensation expense in SG&A as follows:

	Fiscal Years Ended Last Day of February,		
(in thousands, except per share data)	**2020**	**2019**	**2018**
Stock options	**$ 189**	$ 829	$ 1,634
Directors stock compensation	**604**	526	525
Performance based and other stock awards	**21,351**	20,047	12,631
Employee stock purchase plan	**785**	651	264
Share-based compensation expense	**22,929**	22,053	15,054
Less income tax benefits	**(1,803)**	(1,395)	(1,669)
Share-based compensation expense, net of income tax benefits	**$ 21,126**	$ 20,658	$ 13,385
Continuing operations earnings per share impact of share-based compensation expense:			
Basic	**$ 0.84**	$ 0.79	$ 0.49
Diluted	**$ 0.83**	$ 0.79	$ 0.49

A summary of our total unrecognized share-based compensation expense as of February 29, 2020 is as follows:

(in thousands, except weighted average expense period data)	**Unrecognized Compensation Expense**	**Weighted Average Period of Recognition (in years)**
Stock options	**$ 19**	**0.6**
Restricted stock (RSUs, PSUs, RSAs and PSAs)	**18,515**	**2.0**

Stock Options

There were no new grants of options made during fiscal 2020, 2019 or 2018. A summary of stock option activity under our expired plans is as follows:

(in thousands, except contractual term and per share data)	Options	Weighted Average Exercise Price (per share)	Weighted Average Grant Date Fair Value (per share)	Weighted Average Remaining Contractual Term (in years)	Intrinsic Value
Outstanding at February 28, 2017	448	$ 57.41	$ 20.54	5.0	$ 18,097
Grants	—	—			
Exercises	(126)	52.28			5,400
Forfeitures / expirations	(22)	72.37			
Outstanding at February 28, 2018	300	58.35	32.04	4.3	9,606
Grants	—	—			
Exercises	(126)	49.82			6,414
Forfeitures / expirations	(11)	80.33			
Outstanding at February 28, 2019	**163**	**63.47**	**48.64**	**3.6**	**7,925**
Grants	**—**	**—**			
Exercises	**(93)**	**57.09**			**9,059**
Forfeitures / expirations	**(1)**	**87.61**			
Outstanding at February 29, 2020	**69**	**$ 71.78**	**$ 92.82**	**3.2**	**$ 6,333**
Exercisable at February 29, 2020	**66**	**$ 71.10**	**$ 93.50**	**3.1**	**$ 6,157**

A summary of non-vested stock option activity and changes under our expired share-based compensation plans follows:

(in thousands, except per share data)	Non-Vested Options	Weighted Average Grant Date Fair Value (per share)
Outstanding at February 28, 2017	280	22.48
Grants	—	—
Vested or forfeited	(155)	25.02
Outstanding at February 28, 2018	125	19.31
Grants	**—**	**—**
Vested or forfeited	(88)	14.67
Outstanding at February 28, 2019	**37**	**$ 30.44**
Grants	**—**	**—**
Vested or forfeited	**(35)**	**27.36**
Outstanding at February 29, 2020	**2**	**$ 74.09**

Director Restricted Stock Awards

Under the 2008 Directors' Plan for fiscal 2019 and 2018, we issued 2,737 and 5,658 shares, respectively, subject to restricted stock awards to non-employee Board members with grant date fair values of $0.2 and $0.5 million, respectively, and share prices of $89.77 and $92.95 respectively. The restricted stock awards vested immediately, were valued at the fair value of our common stock at the date of grant, and accordingly, were expensed at the time of the grants. No restricted stock awards were granted under the 2008 Directors' Plan in fiscal 2020.

Under the 2018 Plan, during fiscal 2020 and 2019 we issued 4,336 and 2,128 shares, respectively, subject to restricted stock awards to non-employee Board members with a total grant date fair value of $0.6 million and $0.3 million, respectively, or $139.36 and $131.74 per share, respectively. No restricted stock awards under the 2018 Plan were granted in fiscal 2018. The restricted stock awards vested

immediately, were valued at the fair value of our common stock at the date of grant, and accordingly, were expensed at the time of the grants.

Restricted Stock Units and Performance Stock Units

A summary of Restricted Stock Unit and Performance Stock Unit activity and changes under our equity incentive plans are as follows:

	Expired Equity Plan			Active Equity Plan		
(in thousands, except per share data)	Restricted Stock Units	Weighted Average Grant Date Fair Value (per share)	Fair Value at Grant Date	Restricted Stock Units	Weighted Average Grant Date Fair Value (per share)	Fair Value at Grant Date
Outstanding at February 28, 2017	322	81.19	31,418	—	—	—
Granted	262	96.44	—	—	—	
Vested or Forfeited (1) (2)	(274)	78.71	—	—	—	
Outstanding at February 28, 2018	310	90.05	27,944	—	—	—
Granted	197	84.02	—	79	125.40	
Vested or Forfeited (1) (2)	(155)	82.19	—	(5)	124.71	
Outstanding at February 28, 2019	**352**	**$ 92.45**	**$ 32,519**	**74**	**$ 125.45**	**$ 9,202**
Granted	**49**	**164.60**	—	**254**	**110.92**	
Vested or Forfeited (1) (2)	**(192)**	**95.48**	—	**(45)**	**122.55**	
Outstanding at February 29, 2020	**209**	**$ 90.73**	**$ 19,010**	**283**	**$ 112.85**	**$ 31,907**

(1) The expired equity plan reflects the 2008 Stock Incentive Plan, which expired on August 19, 2018. The active equity plan reflects the 2018 Plan.

(2) Under the expired equity plan, 175,022, 141,541, and 192,002 RSUs and PSUs vested and settled throughout the year at a weighted average fair values of $95.98, $81.23, and $62.88 per share in fiscal 2020, 2019 and 2018, respectively. Under the active equity plan, 20,240 and 900 RSUs vested and settled throughout the year at a weighted average fair value of $125.34 and $120.70 per share in fiscal 2020 and 2019, respectively.

Restricted Stock Awards and Performance Stock Awards

A summary of Restricted Stock Award and Performance Stock Award activity and changes under our 2018 Plan are as follows:

	Restricted Stock Awards			Performance Stock Awards (2)		
(in thousands, except per share data)	Restricted Stock Awards	Weighted Average Grant Date Fair Value (per share)	Fair Value at Grant Date	Restricted Stock Awards	Weighted Average Grant Date Fair Value (per share)	Fair Value at Grant Date
Outstanding at February 28, 2019	**—**	**$ —**	**$ —**	**—**	**$ —**	**$ —**
Granted	**49**	**118.51**	—	**122**	**110.85**	—
Vested or Forfeited (1)	**(4)**	**123.17**	—	**(4)**	**110.85**	—
Outstanding at February 29, 2020	**45**	**$ 118.11**	**$ 5,354**	**118**	**$ 110.85**	**$ 13,130**

(1) Under the 2018 Plan, 1,014 Restricted Stock Awards vested and settled throughout the year at a weighted average fair value of $150.86 per share in fiscal 2020. There were no RSAs issued during fiscal 2019.

(2) Performance stock awards reflected in the table above assumes target (100%) achievement. These Performance stock awards can be paid out within some range of 0% to 200% depending upon the final outcome of the performance achievement.

Note 12 - Defined Contribution Plans

We sponsor defined contribution savings plans in the U.S. and other countries where we have employees. Total company matching contributions made to these plans for fiscal 2020, 2019 and 2018 were $4.3, $4.0 and $3.9 million, respectively.

Note 13 - Repurchase of Helen of Troy Common Stock

In May 2019, we announced that our Board of Directors had authorized the repurchase of up to $400 million of our outstanding common stock. The authorization is effective May 8, 2019 for a period of three years and replaced Helen of Troy's previous repurchase authorization, of which approximately $107.4 million remained. These repurchases may include open market purchases, privately negotiated transactions, block trades, accelerated stock repurchase transactions, or any combination of such methods. The number of shares purchased and the timing of the purchases will depend on a number of factors, including share price, trading volume and general market conditions, working capital requirements, general business conditions, financial conditions, any applicable contractual limitations, and other factors, including alternative investment opportunities. As of February 29, 2020, our repurchase authorization allowed for the purchase of $393.0 million of common stock.

Our current equity-based compensation plans include provisions that allow for the "net exercise" of share-settled awards by all plan participants. In a net exercise, any required payroll taxes, federal withholding taxes and exercise price of the shares due from the equity holder can be paid for by having the equity holder tender back to the Company a number of shares at fair value equal to the amounts due. Net exercises are treated as purchases and retirements of shares.

The following table summarizes our share repurchase activity for the periods shown:

	Fiscal Years Ended Last Day of February,		
(in thousands, except share and per share data)	**2020**	**2019**	**2018**
Common stock repurchased on the open market:			
Number of shares	**—**	1,875,469	717,300
Aggregate value of shares	**$ —**	$ 212,080	$ 65,795
Average price per share	**$ —**	$ 113.08	$ 91.73
Common stock received in connection with share-based compensation:			
Number of shares	**77,272**	59,024	75,785
Aggregate value of shares	**$ 10,169**	$ 5,413	$ 7,258
Average price per share	**$ 131.61**	$ 91.70	$ 95.77

Note 14 - Restructuring Plan

In October 2017, we announced a restructuring plan (referred to as "Project Refuel") intended to enhance the performance primarily in the Beauty and former Nutritional Supplements segments. Project Refuel includes charges for a reduction-in-force and the elimination of certain contracts. During the first quarter of fiscal 2019, we expanded Project Refuel to include the realignment and streamlining of our supply chain structure. We are targeting total annualized profit improvements of approximately $9.0 to $11.0 million over the duration of the plan. We estimate the plan to be completed during fiscal 2021 and expect to incur total restructuring charges of approximately $9.5 million. Restructuring provisions are determined based on estimates prepared at the time the restructuring actions are approved by management and are revised periodically.

During fiscal 2020, we incurred $3.3 million of pre-tax restructuring costs related to employee severance and termination benefits and contract termination costs. Since implementing Project Refuel, we have incurred $8.7 million of pre-tax restructuring costs related to employee severance and termination

benefits and contract termination costs as of February 29, 2020. During fiscal 2020, we made total cash restructuring payments of $3.8 million and had a remaining liability of $0.8 million as of February 29, 2020. Since implementing Project Refuel, we have made total cash restructuring payments of $8.0 million as of February 29, 2020.

Note 15 - Other Commitments and Contingencies

Indemnity Agreements – Under agreements with customers, licensors and parties from whom we have acquired assets or entered into business combinations, we indemnify these parties against liability associated with our products. Additionally, we are party to a number of agreements under leases where we indemnify the lessor for liabilities attributable to our actions or conduct. The indemnity agreements to which we are a party do not, in general, increase our liability for claims related to our products or actions and have not materially affected our consolidated financial statements.

Employment Contract – We have an employment contract with Mr. Julien Mininberg, our CEO, that was amended and restated on November 7, 2018. The amended and restated agreement, among other things, extended the term of Mr. Mininberg's employment agreement from March 1, 2019 through February 28, 2023. The agreement provides a base salary, potential incentive bonus and long-term incentive compensation. The agreement also specifies varying levels of salary continuation and/or severance compensation dependent on certain circumstances such as involuntary termination for other than cause or involuntary termination due to a change of control.

International Trade – We purchase most of our appliances and a significant portion of other products that we sell from unaffiliated manufacturers located in the Far East, mainly in China. With most of our products being manufactured in the Far East, we are subject to risks associated with global public health crises (such as pandemics and epidemics), trade barriers, the imposition of additional tariffs, currency exchange fluctuations and social, economic and political unrest. In recent years, increasing labor costs, regional labor dislocations driven by new government policies, local inflation, changes in ocean cargo carrier capacity and costs, the impact of energy prices on transportation, and fluctuations in the Chinese Renminbi against the U.S. Dollar have resulted in variability in our cost of goods sold. In the past, certain Chinese suppliers have closed operations due to economic conditions that pressured their profitability. Although we have multiple sourcing partners for certain products, occasionally we may be unable to source certain items on a timely basis due to changes occurring with our suppliers. We believe that we could source similar products outside China, if necessary, and we continuously explore expanding sourcing alternatives in other countries. However, the relocation of any production capacity could require substantial time and increased costs.

Customer Incentives – We regularly enter into arrangements with customers whereby we offer various incentives, including incentives in the form of volume rebates. Our estimates of the liabilities for such incentives is included in the accompanying consolidated balance sheets on the line entitled "Accrued expenses and other current liabilities," and in Note 8 to these consolidated financial statements included in the lines entitled "Accrued sales discounts and allowances" and "Accrued advertising" and are based on incentives applicable to sales occurring up to the respective balance sheet dates.

Legal Matters – In May 2018, we settled a patent infringement dispute related to two forehead thermometer models sold by our subsidiary, Kaz USA, Inc., in the United States and made a settlement payment of $15.0 million, which was accrued in prior periods along with related legal fees and other costs.

We are involved in various other legal claims and proceedings in the normal course of operations. We believe the outcome of these matters will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Contractual Obligations and Commercial Commitments – Our contractual obligations and commercial commitments at the end of fiscal 2020 were:

		Fiscal Years Ended the Last Day of February,					
		2021	2022	2023	2024	2025	After
(in thousands)	**Total**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**5 years**
Floating rate debt	$ 340,507	$ 1,900	$ 321,900	$ 1,900	$ 14,807	$ —	$ —
Interest on floating rate debt (1)	16,653	9,142	7,124	386	1	—	—
Long-term incentive plan payouts	9,018	5,614	3,404	—	—	—	—
Open purchase orders	239,841	239,841	—	—	—	—	—
Operating Leases	62,876	6,082	5,959	5,601	5,102	5,762	34,370
Minimum royalty payments	55,154	12,823	12,674	13,090	12,381	4,186	—
Advertising and promotional	34,228	18,359	9,131	6,738	—	—	—
Capital spending commitments	2,716	1,986	596	134	—	—	—
Total contractual obligations	$ 760,993	$ 295,747	$ 360,788	$ 27,849	$ 32,291	$ 9,948	$ 34,370

(1) We estimate our future obligations for interest on our floating rate debt by assuming the weighted average interest rates in effect on each floating rate debt obligation at February 29, 2020 remain constant into the future. This is an estimate, as actual rates will vary over time. In addition, we assume the revolving credit debt balance outstanding as of February 29, 2020 remains the same for the remaining term of our revolving credit agreement. The actual balance outstanding may fluctuate significantly in future periods, depending on the availability of cash flow from operations and future investing and financing considerations.

Note 16 - Long Term Debt

As of February 29, 2020, we had a credit agreement (the “Credit Agreement”) with Bank of America, N.A., as administrative agent, and other lenders that provided for an unsecured total revolving commitment of $1.0 billion. Borrowings accrued interest under one of two alternative methods (based upon a base rate or LIBOR) as described in the Credit Agreement. With each borrowing against our credit line, we could elect the interest rate method based on our funding needs at the time. We also incurred loan commitment and letter of credit fees under the Credit Agreement. Outstanding letters of credit reduced the borrowing availability under the Credit Agreement on a dollar-for-dollar basis. We may repay amounts borrowed at any time without penalty. As of February 29, 2020, the outstanding revolving loan principal balance was $320.0 million (excluding prepaid financing fees) and the balance of outstanding letters of credit was $9.0 million. As of February 29, 2020, the amount available for borrowings under the Credit Agreement was $671.0 million. Covenants in the Credit Agreement limit the amount of total indebtedness we could incur. As of February 29, 2020, these covenants did not limit our ability to incur $671.0 million of additional debt under the Credit Agreement.

On March 13, 2020, we entered into an amendment to the Credit Agreement. The amendment extended the maturity of the commitment under the Credit Agreement from December 7, 2021 to March 13, 2025. Further, the amendment increased the unsecured revolving commitment from $1.0 billion to $1.25 billion. The accordion was amended to increase it from $200 million to $300 million and to include the ability to use it for term loan commitments. The accordion permits the Company to request to increase its borrowing capacity, not to exceed the $300 million commitment in the aggregate, provided certain conditions are met, including lender approval. Any increase to term loan commitments and revolving loan commitments must be made on terms identical to the revolving loans under the Credit Agreement and must have a maturity date of no earlier than March 13, 2025. Following the amendment, borrowings under the Credit Agreement bear interest at either the base rate or LIBOR, plus a margin based on the Net Leverage Ratio (as defined in the Credit Agreement) of 0% to 1.0% and 1.0% to 2.0%, respectively, for base rate and LIBOR borrowings.

On March 24, 2020, we borrowed approximately $200 million under the Credit Agreement as part of a comprehensive precautionary approach to increase our cash position and maximize our financial

flexibility in light of the current volatility in the global markets resulting from the COVID-19 outbreak. After giving effect to the borrowing, the remaining amount available for borrowings under the Credit Agreement was $536.4 million and our cash and cash equivalents on hand was approximately $393.0 million. As described above, covenants in our debt agreements can limit the amount of indebtedness we can incur. We may repay amounts borrowed at any time without penalty.

A summary of our long-term debt follows:

(dollars in thousands)	February 29, 2020	February 28, 2019
Mississippi Business Finance Corporation Loan (the "MBFC Loan") (1)	**$ 20,451**	$ 22,335
Credit Agreement (2)	**318,854**	298,449
Total long-term debt	**339,305**	320,784
Less current maturities of long-term debt	**(1,884)**	(1,884)
Long-term debt, excluding current maturities	**$ 337,421**	$ 318,900

(1) The MBFC Loan is unsecured and bears floating interest based on either LIBOR plus a margin of up to 2.0%, or a Base Rate plus a margin of up to 1.0%, as determined by the interest rate elected and the leverage ratio defined in the loan agreement. Since March 2018, the loan may be called by the holder at anytime. The loan can be prepaid without penalty. The remaining principal balance is payable as follows: $1.9 million annually on March 1, 2020 through 2022; and $14.8 million on March 1, 2023. Any remaining outstanding principal and interest is due upon maturity on March 1, 2023.

(2) The Credit Agreement's floating interest rates are hedged with interest rate swaps to effectively fix interest rates on $225 million of the outstanding principal balance under the Credit Agreement (see Notes 17 and 18 regarding interest rate swaps).

At February 29, 2020 and February 28, 2019 our long-term debt has floating interest rates, and its book value approximates its fair value.

All of our debt is unconditionally guaranteed, on a joint and several basis, by the Company and certain of its subsidiaries. Our debt agreements require the maintenance of certain financial covenants, including maximum leverage ratios, minimum interest coverage ratios and minimum consolidated net worth levels (as each of these terms is defined in the various agreements). Our debt agreements also contain other customary covenants. We were in compliance with the terms of these agreements as of February 29, 2020.

The following table contains information about interest rates on our Credit Agreement and the related weighted average borrowings outstanding for the periods covered by our consolidated statements of income:

	Fiscal Years Ended Last Day of February,		
(in thousands)	2020	2019	2018
Average borrowings outstanding (1)	**$ 286,640**	$ 290,860	$ 382,960
Average interest rate during each year (2)	**3.2%**	3.2%	2.7%
Interest rate range during each year	**2.6% - 5.5%**	2.8% - 5.5%	2.3 - 4.8%
Weighted average interest rates on borrowings outstanding at year end	**2.7%**	3.6%	2.9%

(1) Average borrowings outstanding is computed as the average of the current and four prior quarters ending balances of our credit facility.

(2) The average interest rate during each year is computed by dividing the total interest expense associated with the Credit Agreement for a fiscal year by the average borrowings outstanding for the same fiscal year.

The following table contains a summary of the components of our interest expense for the periods covered by our consolidated statements of income:

(in thousands)	Fiscal Years Ended Last Day of February, 2020	2019	2018
Interest and commitment fees	**$ 10,970**	$ 11,366	$ 13,084
Deferred finance costs	**1,620**	1,015	887
Interest rate swap settlements, net	**262**	(515)	54
Cross-currency debt swap	**(147)**	(147)	(74)
Total interest expense	**$ 12,705**	$ 11,719	$ 13,951

Note 17 - Fair Value

We classify our various assets and liabilities recorded or reported at fair value under a hierarchy prescribed by GAAP that prioritizes inputs to fair value measurement techniques into three broad levels:

- Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets;
- Level 2: Observable inputs other than quoted prices that are directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets; quoted prices for similar or identical assets or liabilities in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable; and
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

Assets and liabilities subject to classification are classified upon acquisition. When circumstances dictate the transfer of an asset or liability to a different level, our policy is to recognize the transfer at the beginning of the reporting period in which the event resulting in the transfer occurred.

The following tables present the fair value of our financial assets and liabilities measured on a recurring basis as of the last day of February 2020 and 2019:

(in thousands)	**Fair Values at February 29, 2020 (level 2) (1)**
Assets:	
Money market accounts	**$ 2,648**
Interest rate swaps	**—**
Foreign currency contracts	**2,083**
Total assets	**$ 4,731**
Liabilities:	
Floating rate debt	**$ 339,305**
Interest rate swaps	**10,717**
Foreign currency contracts	**159**
Total liabilities	**$ 350,181**

(in thousands)	Fair Values at February 28, 2019 (level 2) (1)
Assets:	
Money market accounts	$ 915
Interest rate swap	512
Foreign currency contracts	1,692
Total assets	$ 3,119
Liabilities:	
Floating rate debt	320,784
Interest rate swap	339
Foreign currency contracts	563
Total liabilities	$ 321,686

(1) Our financial assets and liabilities are classified as Level 2 assets because their valuation is dependent on observable inputs and other quoted prices for similar assets or liabilities, or model-derived valuations whose significant value drivers are observable.

The carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair value because of the short maturity of these items.

We use derivatives for hedging purposes and our derivatives are primarily interest rate swaps, foreign currency contracts, zero cost collars and cross-currency debt swaps (see Notes 1, 18 and 19 for more information on our hedging activities).

We classify our floating rate debt as a Level 2 item because the estimation of the fair market value of these financial assets requires the use of current market rates of interest for obligations with comparable remaining terms. Such comparable rates are considered significant other observable market inputs. Our debt has floating interest rates and its book value approximates its fair value as of the reporting date. Our other non-financial assets include goodwill and other intangible assets, which we classify as Level 3 items. These assets are measured at fair value on a non-recurring basis as part of our impairment testing. Note 10 to these consolidated financial statements contains additional information regarding impairment testing and related intangible asset impairments.

The table below presents other non-financial assets measured on a non-recurring basis using significant unobservable inputs (Level 3) for fiscal 2020 and 2019:

	Fiscal Years Ended Last Day of February,	
(in thousands)	**2020**	**2019**
Beginning balances	**$ 893,846**	$ 905,235
Total income (expense):		
Included in net income - realized	**(62,287)**	(14,109)
Acquired during the period	**236,898**	2,815
Retirement adjustments during the period	**(31)**	(95)
Reclassification to assets held for sale	**(27,573)**	—
Ending balances	**$ 1,040,853**	$ 893,846

Note 18 - Financial Instruments and Risk Management

Foreign Currency Risk – Our functional currency is the U.S. Dollar. By operating internationally, we are subject to foreign currency risk from transactions denominated in currencies other than the U.S. Dollar (“foreign currencies”). Such transactions include sales, certain inventory purchases and operating expenses. As a result of such transactions, portions of our cash, trade accounts receivable and trade accounts payable are denominated in foreign currencies. For fiscal 2020, approximately 14% of our net

sales revenue was in foreign currency. These sales were primarily denominated in British Pounds, Euros, Mexican Pesos and Canadian Dollars. We make most of our inventory purchases from the Far East and primarily use the U.S. Dollar for such purchases. In our consolidated statements of income, exchange gains and losses resulting from the remeasurement of foreign taxes receivable, taxes payable, deferred tax assets, and deferred tax liabilities are recognized in their respective income tax lines, and all other foreign exchange gains and losses are recognized in SG&A. We recorded net exchange gains (losses) from foreign currency fluctuations, including the impact of currency hedges and the cross-currency debt swap, of $2.2, $1.3 and $(3.1) million in SG&A during fiscal 2020, 2019 and 2018, respectively.

We hedge against certain foreign currency exchange rate-risk by using a series of forward contracts and zero-cost collars designated as cash flow hedges and mark-to-market derivatives to protect against the foreign currency exchange risk inherent in our forecasted transactions denominated in currencies other than the U.S. Dollar. We do not enter into any forward exchange contracts or similar instruments for trading or other speculative purposes. The effective portion of the changes in fair value of these instruments is reported in OCI and reclassified into SG&A in the same period they are settled. The ineffective portion, which is not material for any year presented, is immediately recognized in SG&A.

Interest Rate Risk – Interest on our outstanding debt as of February 29, 2020 is based on floating interest rates. If short-term interest rates increase, we will incur higher interest expense on any future outstanding balances of floating rate debt. Floating interest rates are hedged with interest rate swaps to effectively fix interest rates on $225.0 million of the outstanding principal balance under the Credit Agreement, which totaled $320.0 million as of February 29, 2020.

The following table summarizes the fair values of our various derivative instruments at the end of fiscal 2020 and 2019:

(in thousands) **Derivatives designated as hedging instruments**	February 29, 2020 Hedge Type	Final Settlement Date	Notional Amount	Prepaid Expenses and Other Current Assets	Other Assets	Accrued Expenses and Other Current Liabilities	Other Liabilities Non-current
Zero-cost collar - Euro	Cash flow	**2/2021**	**€8,000**	**$ 74**	**$ —**	**$ —**	**$ —**
Foreign currency contracts - sell Euro	Cash flow	**5/2021**	**€25,875**	**837**	**—**	**—**	**15**
Foreign currency contracts - sell Canadian Dollars	Cash flow	**2/2021**	**$14,000**	**202**	**—**	**—**	**—**
Zero-cost collar - Pounds	Cash flow	**2/2021**	**£6,500**	**—**	**—**	**144**	**—**
Foreign currency contracts - sell Pounds	Cash flow	**5/2021**	**£13,000**	**435**	**23**	**—**	**—**
Foreign currency contracts - sell Mexican Pesos	Cash flow	**5/2020**	**$10,000**	**12**	**—**	**—**	**—**
Interest rate swaps	Cash flow	**1/2024**	**$225,000**	**—**	**—**	**3,489**	**7,228**
Subtotal				**1,560**	**23**	**3,633**	**7,243**
Derivatives not designated under hedge accounting							
Foreign currency contracts - cross-currency debt swaps - Euro	(1)	**04/2020**	**€5,280**	**473**	**—**	**—**	**—**
Foreign currency contracts - cross-currency debt swaps - Pound	(1)	**04/2020**	**£6,395**	**27**	**—**	**—**	**—**
Subtotal				**500**	**—**	**—**	**—**
Total fair value				**$ 2,060**	**$ 23**	**$ 3,633**	**$ 7,243**

(in thousands) **Derivatives designated as hedging instruments**	February 28, 2019 Hedge Type	Final Settlement Date	Notional Amount	Prepaid Expenses and Other Current Assets	Other Assets	Accrued Expenses and Other Current Liabilities	Other Liabilities Non-current
Zero-cost collar - Euro	Cash flow	2/2020	€9,500	$ 11	$ —	$ —	$ —
Foreign currency contracts - sell Euro	Cash flow	2/2020	€29,000	1,047	—	—	—
Foreign currency contracts - sell Canadian Dollars	Cash flow	2/2020	$16,000	168	—	—	—
Zero-cost collar - Pounds	Cash flow	5/2020	£4,500	—	—	200	—
Foreign currency contracts - sell Pounds	Cash flow	5/2020	£19,500	248	—	—	13
Foreign currency contracts - sell Mexican Pesos	Cash flow	9/2019	$30,000	—	—	58	—
Interest rate swaps	Cash flow	1/2024	$225,000	512	—	—	339
Subtotal				1,986	—	258	352
Derivatives not designated under hedge accounting							
Foreign currency contracts - cross-currency debt swap - Euro	(1)	04/2020	€5,280	—	218	—	—
Foreign currency contracts - cross-currency debt swaps - Pound	(1)	04/2020	£6,395	—	—	—	292
Subtotal				—	218	—	292
Total fair value				$ 1,986	$ 218	$ 258	$ 644

(1) These are foreign currency contracts for which we have not elected hedge accounting. We refer to them as "cross-currency debt swaps". They, in effect, adjust the currency denomination of a portion of our outstanding debt to the Euro and British Pound, as applicable, for the notional amounts reported, creating an economic hedge against currency movements.

The pre-tax effect of derivative instruments for fiscal 2020 and 2019 is as follows:

	Years Ended Last Day of February,							
	Gain (Loss) Recognized in OCI (effective portion)		Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income			Gain (Loss) Recognized As Income		
(in thousands)	2020	2019	Location	2020	2019	Location	2020	2019
Currency contracts - cash flow hedges	**$ (2,756)**	$ (94)	SG&A	**$ (2,977)**	$ (2,488)		**$ —**	$ —
Interest rate swaps - cash flow hedges	**(10,890)**	(2,308)	Interest expense	**—**	—	Interest expense	**(262)**	515
Cross-currency debt swaps - principal	—	—		—	—	SG&A	**574**	700
Cross-currency debt swaps - interest	—	—		—	—	Interest Expense	**147**	147
Total	**$ (13,646)**	$ (2,402)		**$ (2,977)**	$ (2,488)		**$ 459**	$ 1,362

We expect a loss of $2.1 million associated with foreign currency contracts and interest rate swaps currently reported in accumulated other comprehensive income, to be reclassified into income over the next twelve months. The amount ultimately realized, however, will differ as exchange rates change and

the underlying contracts settle. See Notes 1, 17 and 19 to these consolidated financial statements for more information on our hedging activities.

Counterparty Credit Risk – Financial instruments, including foreign currency contracts, cross-currency debt swaps and interest rate swaps, expose us to counterparty credit risk for nonperformance. We manage our exposure to counterparty credit risk by dealing with counterparties who are substantial international financial institutions with significant experience using such derivative instruments. Although our theoretical credit risk is the replacement cost at the then-estimated fair value of these instruments, we believe that the risk of incurring credit risk losses is remote.

Risks Inherent in Cash and Cash Equivalents – As the levels of our cash and cash equivalents change, they can become more subject to foreign exchange rate risk, interest rate risk, credit risk, and liquidity risk. Cash consists of interest-bearing, non-interest-bearing and short-term investment accounts. We consider money market accounts to be cash equivalents.

The following table summarizes our cash and cash equivalents at the end of fiscal 2020 and 2019:

	Fiscal Years Ended Last Day of February			
	2020		**2019**	
(in thousands)	**Carrying Amount**	**Range of Interest Rates**	**Carrying Amount**	**Range of Interest Rates**
Cash, interest and non-interest-bearing accounts	**$ 21,819**	**0.00 to 0.30%**	$ 10,956	0.00 to 0.30%
Money market funds	**2,648**	**0.15% to 5.39%**	915	0.00 to 1.25%
Total cash and cash equivalents	**$ 24,467**		$ 11,871	

Note 19 - Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component and related tax effects for fiscal 2020 and 2019 were as follows:

(in thousands)	**Interest Rate Swaps**	**Foreign Currency Contracts**	**Total**
Balance at February 28, 2018	$ 1,705	$ (1,074)	$ 631
Other comprehensive income (loss) before reclassification	(2,308)	(94)	(2,402)
Amounts reclassified out of accumulated other comprehensive income	—	2,488	2,488
Tax effects	735	(261)	474
Other comprehensive income (loss)	(1,573)	2,133	560
Balance at February 28, 2019	$ 132	$ 1,059	$ 1,191
Other comprehensive income (loss) before reclassification	(10,890)	(2,756)	(13,646)
Amounts reclassified out of accumulated other comprehensive income	—	2,977	2,977
Tax effects	2,559	(86)	2,473
Other comprehensive income (loss)	**(8,331)**	**135**	**(8,196)**
Balance at February 29, 2020	**$ (8,199)**	**$ 1,194**	**$ (7,005)**

See Notes 1, 17 and 18 to these consolidated financial statements for additional information regarding our hedging activities.

Note 20 - Segment and Geographic Information

The following table contains segment information included in continuing operations.

SEGMENT INFORMATION

(in thousands)

Fiscal 2020	**Housewares**	**Health & Home**	**Beauty (1)**	**Total**
Sales revenue, net	**$ 640,965**	**$ 685,397**	**$ 381,070**	**$ 1,707,432**
Asset impairment charges	**—**	**—**	**41,000**	**41,000**
Restructuring charges	**1,351**	**93**	**1,869**	**3,313**
Operating income	**123,135**	**68,166**	**(13,050)**	**178,251**
Identifiable assets (2)	**723,491**	**652,390**	**528,002**	**1,903,883**
Capital and intangible asset expenditures	**10,602**	**5,853**	**1,304**	**17,759**
Depreciation and amortization	**7,298**	**16,113**	**13,998**	**37,409**

(in thousands)

Fiscal 2019	**Housewares**	**Health & Home**	**Beauty**	**Total**
Sales revenue, net	$ 523,807	$ 695,217	$ 345,127	$ 1,564,151
Asset impairment charges	—	—	—	—
Restructuring charges	926	686	1,974	3,586
Operating income	100,743	68,448	30,188	199,379
Identifiable assets	698,519	686,335	264,481	1,649,335
Capital and intangible asset expenditures	16,023	8,508	1,854	26,385
Depreciation and amortization	6,048	17,058	6,821	29,927

(in thousands)

Fiscal 2018	**Housewares**	**Health & Home**	**Beauty**	**Total**
Sales revenue, net	$ 459,004	$ 674,062	$ 345,779	1,478,845
Asset impairment charges	—	—	15,447	15,447
Restructuring charges	220	—	1,637	1,857
Operating income	89,319	62,099	17,644	169,062
Identifiable assets	664,622	675,627	283,468	1,623,717
Capital and intangible asset expenditures	8,537	3,716	1,352	13,605
Depreciation and amortization	5,825	16,750	11,155	33,730

(1) Includes approximately five weeks of operating results from the Drybar Products acquisition, which was completed on January 23, 2020.
(2) Includes assets held for sale of $44,806 related to the Personal Care business in our Beauty segment (see Note 5)

We compute segment operating income based on net sales revenue, less cost of goods sold, SG&A and any asset impairment charges associated with the segment. The SG&A used to compute each segment's operating income is directly associated with the segment, plus shared service and corporate overhead expenses that are allocable to the segment. We have reallocated corporate overhead expenses to the above continuing segments that were previously allocated to our former Nutritional Supplements segment. We do not allocate nonoperating income and expense, including interest or income taxes, to operating segments.

GEOGRAPHIC INFORMATION

The following table provides net sales revenue by geographic region, in U.S. Dollars:

(in thousands)	Fiscal Years Ended Last Day of February, 2020		2019 (1)		2018 (1)	
Sales revenue, net by geographic region						
United States	**$ 1,357,345**	79.5%	$ 1,221,806	78.1%	$ 1,161,698	78.6%
Canada	**71,417**	4.2%	66,855	4.3%	58,856	4.0%
EMEA	**138,858**	8.1%	143,024	9.1%	143,668	9.7%
Asia Pacific	**99,378**	5.8%	90,073	5.8%	75,376	5.1%
Latin America	**40,434**	2.4%	42,393	2.7%	39,247	2.7%
Total sales revenue, net	**$ 1,707,432**	100%	$ 1,564,151	100%	$ 1,478,845	100%

(1) We adopted ASU 2014-09, Revenue of Contracts with Customers (Topic 606) in the first quarter of fiscal 2019 and have reclassified amounts in the prior year's statements of income to conform to the current period's presentation (see Note 3).

Worldwide sales to our largest customer accounted for approximately 18%, 16% and 13% of our consolidated net sales revenue in fiscal 2020, 2019 and 2018, respectively. Sales to our second largest customer accounted for approximately 14%, 16% and 17% of our consolidated net sales revenue in fiscal 2020, 2019 and 2018, respectively. Sales to our third largest customer did not account for 10% or more of our consolidated net sales revenue in fiscal 2020, however, did account for 10% of our consolidated net sales revenue in fiscal 2019 and 2018, respectively. No other customers accounted for 10% or more of consolidated net sales revenue during those fiscal years. Sales to our top five customers accounted for approximately 50%, 51% and 49% of our consolidated net sales revenue in fiscal 2020, 2019 and 2018, respectively. Our domestic and international long-lived assets were as follows:

(in thousands)	Fiscal Years Ended Last Day of February, 2020	2019	2018
United States	**$ 453,784**	$ 416,521	$ 437,920
International:			
Barbados	**606,261**	499,589	496,258
Other international	**161,002**	128,566	131,831
Subtotal	**767,263**	628,155	628,089
Total	**$ 1,221,047**	$ 1,044,676	$ 1,066,009

The table above classifies assets based upon the country where we hold legal title.

Note 21 - Selected Quarterly Financial Data (Unaudited)

Selected unaudited quarterly financial data is as follows (in thousands except share data):

SELECTED QUARTERLY FINANCIAL DATA

Fiscal Year 2020:	**May**	**August**	**November**	**February**	**Total**
Sales revenue, net	**$ 376,335**	**$ 413,995**	**$ 474,737**	**$ 442,365**	**$ 1,707,432**
Gross profit	**153,727**	**178,151**	**209,973**	**192,615**	**734,466**
Asset impairment charges	**—**	**—**	**—**	**41,000**	**41,000**
Restructuring charges	**619**	**430**	**12**	**2,252**	**3,313**
Income (loss) from continuing operations	**40,694**	**46,095**	**68,699**	**(3,155)**	**152,333**
Loss from discontinued operations	**—**	**—**	**—**	**—**	**—**
Earnings (loss) per share [(1)]					
Basic					
Continuing operations	**$ 1.63**	**$ 1.84**	**$ 2.73**	**$ (0.13)**	**$ 6.06**
Discontinued operations	**—**	**—**	**—**	**—**	**—**
Total earnings (loss) per share	**$ 1.63**	**$ 1.84**	**$ 2.73**	**$ (0.13)**	**$ 6.06**
Diluted					
Continuing operations	**$ 1.61**	**$ 1.83**	**$ 2.71**	**$ (0.13)**	**$ 6.02**
Discontinued operations	**—**	**—**	**—**	**—**	**—**
Total earnings (loss) per share	**$ 1.61**	**$ 1.83**	**$ 2.71**	**$ (0.13)**	**$ 6.02**

Fiscal Year 2019:	**May**	**August**	**November**	**February**	**Total**
Sales revenue, net	$ 354,679	$ 393,548	$ 431,081	$ 384,843	$ 1,564,151
Gross profit	146,558	155,173	181,845	157,530	641,106
Asset impairment charges	—	—	—	—	—
Restructuring charges	1,725	859	25	977	3,586
Income from continuing operations	38,173	44,017	54,320	37,714	174,224
Loss from discontinued operations	(381)	—	(4,850)	(448)	(5,679)
Earnings (loss) per share [(1)]					
Basic					
Continuing operations	$ 1.44	$ 1.67	$ 2.08	$ 1.49	$ 6.68
Discontinued operations	(0.01)	—	(0.19)	(0.02)	(0.22)
Total earnings per share	$ 1.42	$ 1.67	$ 1.90	$ 1.47	$ 6.46
Diluted					
Continuing operations	$ 1.43	$ 1.66	$ 2.06	$ 1.47	$ 6.62
Discontinued operations	(0.01)	—	(0.18)	(0.02)	(0.22)
Total earnings per share	$ 1.42	$ 1.66	$ 1.88	$ 1.45	$ 6.41

(1) Earnings per share calculations for each quarter are based on the weighted average number of shares outstanding for each period, and the sum of the quarterly amounts may not necessarily equal the annual earnings per share amounts.

Note 22 - Income taxes

We reorganized the Company in Bermuda in 1994 and many of our foreign subsidiaries are not directly or indirectly owned by a U.S. parent. As such, a large portion of our foreign income is not subject to U.S. taxation on a permanent basis under current law. Additionally, our intellectual property is largely owned by foreign subsidiaries, resulting in proportionally higher earnings in jurisdictions with lower statutory tax rates, which decreases our overall effective tax rate. The taxable income earned in each jurisdiction,

whether U.S. or foreign, is determined by the subsidiary's operating results, and transfer pricing and tax regulations in the related jurisdictions.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted signed into law. The CARES Act is an emergency economic stimulus package in response to the COVID-19 outbreak, which contains numerous tax provisions. Among other things, the CARES Act amended the net operating loss provisions and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. We are currently evaluating the impact of the CARES Act and will begin to reflect any impact during the period of enactment, which is our first quarter of fiscal 2021.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted into law. Among other changes, the Tax Act lowered the U.S. statutory corporate income tax rate from 35% to 21% and established a modified territorial system requiring a mandatory deemed repatriation tax on undistributed earnings of certain foreign subsidiaries. The rate change was effective at the beginning of calendar year 2018 and, as a result, we were subject to a blended U.S. federal statutory tax rate of 32.7% for our fiscal 2018 and a tax rate of 21% for subsequent periods.

Under accounting standards for income taxes, the impact of new tax legislation must be taken into account in the period in which it is enacted. Subsequent to the Tax Act, the SEC issued Staff Accounting Bulletin 118 ("SAB 118") allowing companies to use provisional estimates to record the effects of the Tax Act. SAB 118 also provides a measurement period (not to exceed one year from the date of enactment) to complete the accounting for the impacts of the Tax Act.

As a result of the enactment, we recorded a provisional tax charge of $17.9 million in fiscal 2018 related to the one-time remeasurement of our U.S. deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, the one-time repatriation tax applied to our undistributed foreign earnings and the impact of executive compensation that is no longer deductible under the Tax Act. In accordance with SAB 118, we completed the accounting for the tax effects of the Tax Act and recorded immaterial adjustments to the provisional tax charge during the fourth quarter of fiscal 2019.

The Tax Act introduced new provisions for U.S. taxation of certain global intangible low-taxed income ("GILTI"). The Company elected to account for the tax on GILTI as a period cost and therefore has not recorded deferred taxes related to GILTI on its foreign subsidiaries.

In connection with the enactment of the Tax Act, we repatriated $48.3 million of cash held in our U.S. owned foreign subsidiaries without such funds being subject to further U.S. federal income tax. As of February 29, 2020, we had approximately $22.3 million of undistributed earnings in these U.S. owned foreign subsidiaries. While U.S. federal tax expense has been recognized as a result of the Tax Act, no deferred tax liabilities with respect to items such as certain foreign exchange gains or losses, foreign withholding taxes or state taxes have been recognized.

No deferred taxes have been provided on the undistributed earnings of our subsidiaries since these earnings will continue to be permanently reinvested. Due to the number of legal entities and jurisdictions involved, our legal entity structure, and the tax laws in the relevant jurisdictions, we believe it is not practicable to estimate the amount of additional taxes which may be payable upon distribution of these undistributed earnings.

Our components of income before income tax expense are as follows:

(in thousands)	Fiscal Years Ended Last Day of February,		
	2020	2019	2018
U.S.	$ 40,146	$ 32,135	$ 23,824
Non-U.S.	125,794	155,865	131,614
Total	$ 165,940	$ 188,000	$ 155,438

Our components of income tax expense (benefit) are as follows:

(in thousands)	Fiscal Years Ended Last Day of February,		
	2020	2019	2018
U.S.			
Current	$ 16,732	$ 2,460	$ 3,380
Deferred	(4,789)	10,480	19,578
	11,943	12,940	22,958
Non-U.S.			
Current	2,571	2,102	1,912
Deferred	(907)	(1,266)	1,686
	1,664	836	3,598
Total	$ 13,607	$ 13,776	$ 26,556

Our total income tax expense differs from the amounts computed by applying the U.S. statutory tax rate to income before income taxes. A income tax rate reconciliation of these differences are as follows:

	Fiscal Years Ended Last Day of February,		
	2020	2019	2018
Effective income tax rate at the U.S. statutory rate	21.0 %	21.0 %	32.7 %
Impact of U.S. state income taxes	1.6 %	1.2 %	0.5 %
Effect of statutory tax rate in Macau	(13.6)%	(10.3)%	(19.5)%
Effect of statutory tax rate in Barbados	(5.5)%	(5.9)%	(5.2)%
Effect of statutory tax rate in Europe	(0.4)%	(1.9)%	(5.3)%
Effect of income from other non-U.S. operations subject to varying rates	2.3 %	1.8 %	2.1 %
Effect of foreign exchange fluctuations	0.7 %	0.2 %	0.3 %
Effect of asset impairment charges	2.4 %	— %	2.2 %
Effect of U.S. tax reform	— %	(0.1)%	11.5 %
Effect of uncertain tax positions	(1.7)%	(0.6)%	(1.3)%
Effect of nondeductible executive compensation	1.4 %	0.9 %	0.6 %
Effect of base erosion and anti-abuse tax	— %	1.0 %	— %
Other items	— %	— %	(1.5)%
Effective income tax rate	8.2 %	7.3 %	17.1 %

Our Macau subsidiary generates income from the sale of the goods that it has sourced and procured. This subsidiary is responsible for the sourcing and procurement of a large portion of the products that we sell. We currently have an indefinite tax holiday in Macau conditioned on the subsidiary meeting certain employment and investment thresholds. The Macau Offshore Law and its supplementary regulations that grant tax incentives to approved offshore institutions will be abolished on January 1, 2021. Existing approved offshore institutions such as ours can continue to operate under the offshore regime until the end of the calendar year 2020. Beginning in calendar year 2021, we believe our Macau subsidiary will become subject to a statutory corporate income tax of approximately 12%. The

ultimate impact of this change, if any, on our overall effective tax rate will depend on a variety of factors including our mix of income by jurisdiction, transfer pricing considerations and the specific tax regulations applicable to us when we are no longer under the Macau Offshore regime. It is not practicable for us to determine the potential impact on our financial statements until the tax changes in Macau are fully established and our transfer pricing analysis is complete. Because our Macau subsidiary is not directly or indirectly owned by a U.S. parent, there is no U.S. tax liability associated with the income generated in Macau.

Each year there are significant transactions or events that are incidental to our core businesses and that by a combination of their nature and jurisdiction, can have a disproportionate impact on our reported effective tax rates. Without these transactions or events, the trend in our effective tax rates would follow a more normalized pattern.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of the last day of February 2020 and 2019 are as follows:

(in thousands)	Fiscal Years Ended Last Day of February, 2020	2019
Deferred tax assets, gross:		
Operating loss carryforwards	**$ 13,908**	$ 18,300
Accounts receivable	**5,467**	4,680
Inventories	**8,751**	7,806
Operating lease liabilities	**10,451**	—
Accrued expenses and other	**7,692**	8,293
Total gross deferred tax assets	**46,269**	39,079
Valuation allowance	**(14,073)**	(17,086)
Deferred tax liabilities:		
Operating lease assets	**(7,573)**	—
Depreciation and amortization	**(14,212)**	(19,750)
Total deferred tax assets, net	**$ 10,411**	$ 2,243

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. We consider the scheduled reversal of deferred tax liabilities, expected future taxable income and tax planning strategies in assessing the ultimate realization of deferred tax assets. If recovery is not likely, we must increase our provision for taxes by recording a valuation allowance against the deferred tax assets that we estimate will not be recoverable. In fiscal 2020, the $3.0 million net decrease in our valuation allowance was principally due to a reduction in the value of the operating loss carryforwards to be used in the future.

The composition of our operating loss carryforwards at the end of fiscal 2020 is as follows:

(in thousands)	Tax Year Expiration Date Range	February 29, 2020 Deferred Tax Assets	Operating Loss Carryforward
U.S. state operating loss carryforward	**2028-2038**	**245**	**4,149**
Non-U.S. operating loss carryforwards with definite carryover periods	**2021-2037**	**1,823**	**6,917**
Non-U.S. operating loss carryforwards with indefinite carryover periods	**Indefinite**	**11,840**	**43,369**
Subtotals		**13,908**	**$ 54,435**
Less portion of valuation allowance established for operating loss carryforwards		**(13,406)**	
Total		**$ 502**	

Any future amount of deferred tax asset considered realizable could be reduced in the near term if estimates of future taxable income during any carryforward periods are reduced.

During fiscal 2020 and 2019, changes in the total amount of unrecognized tax benefits were as follows:

	Fiscal Years Ended Last Day of February,	
(in thousands)	**2020**	**2019**
Total unrecognized tax benefits, beginning balance	**$ 3,205**	$ 4,428
Resolution of tax dispute	**—**	—
Changes in tax positions taken during a prior period	**(2,819)**	15
Lapse in statute of limitations	**—**	(1,057)
Impact of foreign currency re-measurement	**—**	(161)
Settlements	**(273)**	(20)
Total unrecognized tax benefits, ending balance	**113**	3,205
Less current unrecognized tax benefits	**—**	(316)
Noncurrent unrecognized tax benefits	**$ 113**	$ 2,889

Included in the balance of unrecognized tax benefits at the end of fiscal 2019 were $3.2 million (includes interest) of tax benefits, which were principally reversed during fiscal 2020. We do not expect any significant changes to our existing unrecognized tax benefits during the next twelve months resulting from any issues currently pending with tax authorities.

We classify interest and penalties on uncertain tax positions as income tax expense. At the end of fiscal 2020 and 2019, the liability for tax-related interest and penalties included in unrecognized tax benefits was $0.1 and $0.6 million, respectively. Additionally, during fiscal 2020, 2019 and 2018 we recognized tax benefits from tax-related interest and penalties of $0.5, $0.5 and $0.5 million, respectively, in the consolidated statements of income.

We file income tax returns in the U.S. federal jurisdiction and in various states and foreign jurisdictions. We do not expect that any proposed adjustments from these tax jurisdictions will have a material impact on our consolidated financial statements.

As of February 29, 2020, tax years under examination or still subject to examination by material tax jurisdictions are as follows:

Jurisdiction	**Tax Years Under Examination**	**Open Tax Years**		
United Kingdom	**- None -**	**2019**	**—**	**2020**
United States	**2017 - 2018**	**2017**	**—**	**2020**
Switzerland	**- None -**	**2016**	**—**	**2020**
Hong Kong	**- None -**	**2014**	**—**	**2020**

During fiscal 2017 we received an assessment from a state tax authority which adjusted taxable income applicable to the particular state resulting from interpretations of certain state income tax provisions applicable to our legal structure. We believe we have accurately reported our taxable income and are vigorously protesting the assessment through administrative processes with the state. We believe it is unlikely that the outcome of these matters will have a material adverse effect on our consolidated financial position, results of operations, or liquidity.

Note 23 - Earnings Per Share

We compute basic earnings per share using the weighted average number of shares of common stock outstanding during the period. We compute diluted earnings per share using the weighted average number of shares of common stock outstanding plus the effect of dilutive securities. Dilutive securities at any given point in time may consist of outstanding options to purchase common stock and issued and contingently issuable unvested RSUs, PSUs, RSAs, PSAs and other stock-based awards (see Note 11). Anti-dilutive securities are not included in the computation of diluted earnings per share under the treasury stock method.

For fiscal 2020, 2019 and 2018, the components of basic and diluted shares were as follows:

WEIGHTED AVERAGE DILUTED SECURITIES

	Fiscal Years Ended Last Day of February,		
(in thousands)	**2020**	**2019**	**2018**
Weighted average shares outstanding, basic	**25,118**	26,073	27,077
Incremental shares from share-based compensation arrangements	**204**	230	177
Weighted average shares outstanding, diluted	**25,322**	26,303	27,254
Antidilutive securities	**197**	262	319

Note 24 - Subsequent Events

On March 13, 2020, the President of the United States announced a National Emergency relating to COVID-19. There is a possibility of widespread infection in the U.S. and abroad, with the potential for catastrophic impact. As a result of these and other effects of COVID-19, we expect the current public health crisis to adversely impact our business, which may be material. The impact includes the effect of temporary closures of, and limited hours of operation and materially lower store traffic at, customer stores. The COVID-19 pandemic is also impacting our third-party manufacturers, most of which are located in the Far East, principally China. The extent of the impact of COVID-19 on our business and financial results will depend largely on future developments, including the duration of the spread of the COVID-19 outbreak within the U.S. and globally, the impact on capital and financial markets and the related impact on consumer confidence and spending. These future developments are outside of our control, are highly uncertain and cannot be predicted. If the impact is prolonged, then it can further increase the difficulty of planning for operations. These and other potential impacts of the current public health crisis could therefore materially and adversely affect our business, financial condition, cash flows and results of operations. This situation is changing rapidly, and additional impacts may arise that we are currently not aware of. Accordingly, the results for the first quarter of fiscal 2021 and the full fiscal 2021 could also be impacted in ways that we are not able to predict today, including, but not limited to, non-cash write-downs and asset impairment charges (including impairments on goodwill and other indefinite-lived intangible assets).

On March 13, 2020, we entered into an amendment to the Credit Agreement. The amendment extended the maturity of the commitment under the Credit Agreement from December 7, 2021 to March 13, 2025. Further, the amendment increased the unsecured revolving commitment from $1.0 billion to $1.25 billion. See Note 16.

On March 24, 2020, we borrowed approximately $200 million under the Credit Agreement as part of a comprehensive precautionary approach to increase our cash position and maximize our financial flexibility in light of the current volatility in the global markets resulting from the COVID-19 outbreak. After giving effect to the borrowing, the remaining amount available for borrowings under the Credit Agreement was $536.4 million and our cash and cash equivalents on hand was approximately $393.0 million. Covenants in our debt agreements can limit the amount of indebtedness we can incur. We may repay amounts borrowed at any time without penalty.

HELEN OF TROY LIMITED AND SUBSIDIARIES

Schedule II - Valuation and Qualifying Accounts

(in thousands)	Beginning Balance	Additions (1)	Deductions (2)	Ending Balance
Year Ended February 28, 2018				
Allowances for doubtful accounts	$ 3,266	$ 1,066	$ 1,420	$ 2,912
Year Ended February 28, 2019				
Allowances for doubtful accounts	$ 2,912	$ 1,097	$ 1,977	$ 2,032
Year Ended February 29, 2020				
Allowances for doubtful accounts	**$ 2,032**	**$ 529**	**$ 1,100**	**$ 1,461**

All amounts presented above have been restated to exclude the impact of our discontinued operations.

(1) Represents periodic charges to the provision for doubtful accounts.

(2) Represents write-offs of doubtful accounts, net of recoveries of previously reserved amounts.

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) promulgated under the Exchange Act as of February 29, 2020. In conducting our evaluation of the effectiveness of internal control over financial reporting, we have excluded the assets and liabilities and results of operations of Drybar Products, which we acquired on January 23, 2020, in accordance with the Securities and Exchange Commission’s guidance concerning the reporting of internal controls over financial reporting in connection with a material acquisition. The assets and net sales revenue of Drybar Products that were excluded from our assessment constituted approximately 1.6 and 0.4 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended February 29, 2020.

Based upon that evaluation, which excluded the internal control over financial reporting of Drybar Products, our CEO and CFO concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure and is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms.

Management’s Report on Internal Control Over Financial Reporting

The management’s report on internal control over financial reporting and the attestation report on internal controls over financial reporting of the independent registered public accounting firm required by this item are set forth under Item 8., “Financial Statements and Supplementary Data” of this report on Form 10-K and are incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

In connection with the evaluation described above, we identified no change in our internal control over financial reporting as defined in Rule 13a-15(f) promulgated under the Exchange Act that occurred during our fiscal year ended February 29, 2020, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information in our definitive Proxy Statement for the 2020 Annual General Meeting of Shareholders (the "Proxy Statement") is incorporated by reference in response to this Item 10, as noted below:

- Information about our Directors who are standing for re-election is set forth under "Election of Directors";
- Information about our executive officers is set forth under "Executive Officers";
- Information about our Audit Committee, including members of the committee, and our designated "audit committee financial experts" is set forth under "Corporate Governance" and "Board Committees and Meetings";
- Information about Section 16(a) beneficial ownership reporting compliance is set forth under "Section 16(a) Beneficial Ownership Reporting Compliance"; and
- Information about any material changes to procedures for recommending nominees to the board of directors is set forth under "Board Committees and Meetings."

We have adopted a Code of Ethics governing our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, and finance department members. The full text of our Code of Ethics is published on our website, at www.helenoftroy.com, under the "Investor Relations-Corporate Governance" caption. We intend to disclose future amendments to, or waivers from, certain provisions of this Code on our website or in a current report on Form 8-K.

Item 11. Executive Compensation

Information set forth under the captions "Director Compensation"; "Executive Compensation"; "Compensation Discussion and Analysis"; "Compensation Committee Interlocks and Insider Participation"; and "Report of the Compensation Committee" in our Proxy Statement is incorporated by reference in response to this Item 11.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

Information set forth under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation" in our Proxy Statement is incorporated by reference in response to this Item 12.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information set forth under the captions "Certain Relationships - Related Person Transactions"; "Corporate Governance"; and "Board Committees and Meetings" in our Proxy Statement is incorporated by reference in response to this Item 13.

Item 14. Principal Accounting Fees and Services

Information set forth under the caption "Audit and Other Fees Paid to our Independent Registered Public Accounting Firm" in our Proxy Statement is incorporated by reference in response to this Item 14.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. Financial Statements: See “Index to Consolidated Financial Statements” under Item 8 in this Report on Form 10-K.
2. Financial Statement Schedule: See “Schedule II” in this Report on Form 10-K.
3. Exhibits

The exhibit numbers succeeded by an asterisk (*) indicate exhibits physically filed with this Form 10-K. The exhibit numbers succeeded by an asterisk (**) indicate exhibits furnished with this Form 10-K that are not deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability. All other exhibit numbers indicate exhibits filed by incorporation by reference. Exhibit numbers succeeded by a cross (†) are management contracts or compensatory plans or arrangements.

2.1	Agreement and Plan of Merger dated as of December 8, 2010, among Helen of Troy Texas Corporation, KI Acquisition Corp., Kaz, Inc., the Company, and the Kaz, Inc. shareholders party thereto (incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 9, 2010).
3.1	Memorandum of Association (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-4, File No. 33-73594, filed with the Securities and Exchange Commission on December 30, 1993 (the “1993 S-4”)).
3.2	Amended and Restated Bye-Laws (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on Schedule 14A, File No. 001-14669, filed with the Securities and Exchange Commission on June 27, 2016).
4.1*	Description of the Company's Securities registered pursuant to Section 12 of the Securities and Exchange Act of 1934.
10.1†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 28, 2014, filed with the Securities and Exchange Commission on April 29, 2014 (the “2014 10-K”)).
10.2†	Helen of Troy Limited 2008 Non-Employee Directors Stock Incentive Plan (incorporated by reference to Appendix C to the 2008 Proxy Statement).
10.3†	Helen of Troy Limited Amended and Restated 2008 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 25, 2015).
10.4†	Amended and Restated Helen of Troy Limited 2011 Annual Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company’s Quarterly Report on 10-Q, filed with the Securities and Exchange Commission on October 11, 2016).
10.5	Loan Agreement, dated as of March 1, 2013, by and between Kaz USA, Inc. and Mississippi Business Finance Corporation (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 26, 2013).
10.6	Guaranty Agreement, dated as of March 1, 2013, by Helen of Troy Limited and certain of its subsidiaries in favor of Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 26, 2013).
10.7	Trust Indenture, dated as of March 1, 2013 between Mississippi Business Finance Corporation and Deutsche Bank National Trust, as trustee (incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 26, 2013).

10.8	First Amendment to Guaranty Agreement, dated as of February 7, 2014, made by Helen of Troy, L.P., Helen of Troy Limited, a Barbados company, HOT Nevada, Inc, Helen of Troy Nevada Corporation, Helen of Troy Texas Corporation, Idelle Labs Ltd., OXO International Ltd., Helen of Troy Macao Commercial Offshore Limited, Kaz, Inc., Kaz USA, Inc., Kaz Canada, Inc., and Pur Water Purification Products, Inc., in favor of Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 10, 2014).
10.9	Second Amendment to Guaranty Agreement, dated as of June 11, 2014, made by Helen of Troy Limited and certain of its subsidiaries in favor of Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 17, 2014).
10.10	Amended and Restated Credit Agreement dated January 16, 2015, by and among Helen of Troy, L.P., a Texas limited partnership, Helen of Troy Limited, a Bermuda company, Bank of America, N.A., as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 20, 2015).
10.11	First Amendment to Amended and Restated Credit Agreement dated December 7, 2016, by and among Helen of Troy, L.P., a Texas limited partnership, Helen of Troy Limited, a Bermuda company, Bank of America, N.A., as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 13, 2016).
10.12	Amended and Restated Guaranty, dated March 1, 2018, made by Helen of Troy Limited and certain of its subsidiaries in favor of Bank of America, N.A. and other lenders, pursuant to the Amended and Restated Credit Agreement, dated January 16, 2015 (incorporated by reference to Exhibit 10.13 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2019, filed with the Securities and Exchange Commission on April 29,2019 (the “2019 10-K”)).
10.13	Third Amendment to Guaranty Agreement, dated as of January 16, 2015, made by Helen of Troy Limited and certain of its subsidiaries in favor of Bank of America, N.A. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on January 20, 2015).
10.14	Fourth Amendment to Guaranty Agreement, dated as of December 7, 2016, made by Helen of Troy Limited and certain of its subsidiaries in favor of Bank of America, N.A. (incorporated by reference to Exhibit 10.22 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2017, filed with the Securities and Exchange Commission on May 1, 2017 (the “2017 10-K”)).
10.15	First Supplemental Trust Indenture, dated as of March 1, 2014, by and between Mississippi Business Finance Corporation and Deutsche Bank National Trust, as trustee (incorporated by reference to Exhibit 10.24 of the Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2015, filed with the Securities and Exchange Commission on April 29, 2015 (the “2015 10-K”)).
10.16	Second Supplemental Trust Indenture, dated as of February 18, 2015 but effective February 1, 2015, by and between Mississippi Business Finance Corporation and Deutsche Bank National Trust, as trustee (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on February 23, 2015).
10.17	Third Supplemental Trust Indenture, dated as of December 7, 2016, but effective December 1, 2016, by and between Mississippi Business Finance Corporation and Deutsche Bank National Trust, as trustee (incorporated by reference to Exhibit 10.25 of the 2017 10-K).
10.18	Second Amendment, Assumption, Consent and Ratification Agreement, dated effective as of March 1, 2018, by and among Helen of Troy Limited, a Bermuda company, Helen of Troy Texas Corporation, a Texas corporation, Helen of Troy L.P., a Texas limited partnership, the guarantors party thereto, Bank of America, N.A., as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 7, 2018).

10.19	Third Amendment and Commitment Increase to Amended and Restated Credit Agreement dated March 13, 2020, by and among Helen of Troy Texas Corporation, a Texas Corporation, Helen of Troy Limited, a Bermuda company, Bank of America, N.A., as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 17, 2020).
10.20†	Amended and Restated Employment Agreement among Helen of Troy Nevada Corporation, Helen of Troy Limited, a Bermuda company, Helen of Troy Limited, a Barbados company, and Julien Mininberg, effective March 1, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 7, 2018).
10.21†	Helen of Troy Limited 2018 Stock Incentive Plan (incorporated by reference to Annex B of the Company's Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on June 28, 2018).
10.22†	Helen of Troy Limited 2018 Employee Stock Purchase Plan (incorporated by reference to Annex C of the Company's Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on June 28, 2018).
10.23†	Severance Agreement among Helen of Troy Nevada Corporation, a Nevada corporation,Helen of Troy Limited, a Bermuda company, and Brian L. Grass, effective June 17, 2019 (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-Kfiled with the Securities and Exchange Commission on June 21, 2019).
10.24	Fourth Supplemental Trust Indenture, dated effective as of September 28, 2018, by and between Mississippi Business Finance Corporation and U.S. Bank National Association (successor to Deutsche Bank National Trust Company), as trustee (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ending November 30, 2018, filed with the Securities and Exchange Commission on January 9, 2019).
10.25	Fifth Amendment to Guaranty Agreement, dated effective as of September 28, 2018, made by Helen of Troy Limited and certain of its subsidiaries in favor of Bank of America, N. A. (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ending November 30, 2018, filed with the Securities and Exchange Commission on January 9, 2019).
21*	Subsidiaries of the Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm, Grant Thornton LLP.
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Joint certification of the Chief Executive Officer and the 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*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HELEN OF TROY LIMITED

By: /s/ Julien R. Mininberg
Julien R. Mininberg
Chief Executive Officer and Director
April 29, 2020

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Julien R. Mininberg
Julien R. Mininberg
Chief Executive Officer, Director and Principal Executive Officer
April 29, 2020

/s/ Brian L. Grass
Brian L. Grass
Chief Financial Officer, Principal Financial Officer and Principal Accounting Officer
April 29, 2020

/s/ Gary B. Abromovitz
Gary B. Abromovitz
Director, Deputy Chairman of the Board
April 29, 2020

/s/ Timothy F. Meeker
Timothy F. Meeker
Director, Chairman of the Board
April 29, 2020

/s/ Beryl B. Raff
Beryl B. Raff
Director
April 29, 2020

/s/ Krista Berry
Krista Berry
Director
April 29, 2020

/s/ Darren G. Woody
Darren G. Woody
Director
April 29, 2020

/s/ Thurman K. Case
Thurman K. Case
Director
April 29, 2020

/s/ William F. Susetka
William F. Susetka
Director
April 29, 2020

/s/ Vincent D. Carson
Vincent D. Carson
Director
April 29, 2020

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Helen of Troy Limited (the "Company," "our" and "us") has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common stock. The following summary of the terms of our common stock is based upon our Memorandum of Association (the "Memorandum") and our Amended and Restated Bye-Laws (the "Bye-Laws"). This summary does not purport to be complete and is subject to, and is qualified in its entirety by express reference to, the applicable provisions of our Memorandum and our Bye-Laws, which are incorporated by reference to our Annual Report on Form 10-K and are incorporated by reference herein. We encourage you to read our Memorandum, our Bye-Laws and the applicable provisions of the Companies Act 1981 (Bermuda), as amended (the "Act"), for more information.

DESCRIPTION OF CAPITAL STOCK

Authorized Shares of Capital Stock

The authorized share capital of the Company is 50,000,000 common shares, par value $0.10 per share ("Common Stock"), and 2,000,000 preference shares, par value $1.00. Please refer to the cover of our Annual Report on Form 10-K for the number of shares of Common Stock outstanding. There are no preference shares currently outstanding.

Stock Exchange Listing

Our Common Stock is listed on The Nasdaq Global Select Market under the symbol "HELE."

Voting Rights

In general, and except as provided below, a shareholder who is present in person and entitled to vote at an annual general meeting is entitled to one vote on a show of hands regardless of the number of shares he or she holds. On a poll, the method by which we have conducted our previous annual general meetings, each shareholder having the right to vote, who is present in person or by proxy, is entitled to one vote for each share of Common Stock. A poll may be requested by:

- the chairman of the meeting;
- at least three shareholders present in person or represented by proxy;
- any shareholder or shareholders present in person or represented by proxy and holding between them not less than one-tenth (10%) of the total voting rights of all the shareholders having the right to vote at such meeting; or
- any shareholder or shareholders present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total amount paid up on all such shares conferring such right.

Subject to the Act and the Bye-Laws, a director will, except in a contested election, be elected by the affirmative votes of a majority of the votes cast in accordance with the Bye-Laws in favour of such nominee by the shareholders entitled to vote in the election. In a contested election, a director will be elected by a plurality of the votes cast in accordance with the Bye-Laws in favor of such nominee by the shareholders entitled to vote in the election. A contested election is defined as the situation in which the number of director nominees exceeds the number of positions on the Company's Board of Directors (the "Board") by election at that general meeting.

Our Bye-Laws provide that any questions posed for the consideration of the shareholders will be decided by the affirmative votes of a majority of the votes cast in accordance with the Bye-Laws and in the case of an equality of votes, the resolution will fail. No shareholder is (unless otherwise entitled under the Act) entitled to vote at any general meeting unless such shareholder has paid all the calls on all shares held by such shareholder.

The Bye-Laws do not provide for cumulative voting.

Dividends

Subject to the prior rights of any outstanding preference shares, holders of Common Stock are entitled to receive such dividends as may be lawfully declared from time to time by the Board. Such dividend may be paid in cash or wholly or partly in specie, in which case the Board may fix the value for distribution in specie of any assets.

Bermuda law does not permit payment of dividends or distributions of contributed surplus by a company if there are reasonable grounds for believing that:

- the company is, or would be, after the payment is made, unable to pay its liabilities as they become due; or
- the realizable value of the company's assets would be less than its liabilities.

Variation of Rights

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths (75%) of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class in accordance with Section 47(7) of the Act. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Rights of Repurchase / Redemption / Sinking Fund

The Company may purchase its own shares for cancellation or acquire them as Treasury Shares (as defined in the Bye-Laws) in accordance with the Act and on such terms as the Board shall think fit. The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Act.

The Common Stock does not have sinking-fund provisions.

Pre-Emptive Rights

Under Bermuda law, unless otherwise provided in a company's Bye-Laws, shareholders of a company are not entitled to pre-emptive rights. Our Bye-Laws do not provide for pre-emptive rights.

Call on Shares

The Board may make such calls as it thinks fit upon the shareholders in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such shareholders (and not made payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof, at the discretion of the Board, the shareholder may be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment.

The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

Preferences

Our Board may, subject to the Bye-Laws or a resolution of the shareholders to the contrary, from time to time, direct the issuance of preference shares in one or more classes and is authorized to fix or alter by resolution or resolutions, the designations, preferences and relative participating, optional or other special rights of the shares of each such class and the qualifications, limitations or restrictions thereon, including but not limited to, determination of the dividend rights, dividend rates, conversion rights, voting rights, rights in terms of redemption (including sinking fund provisions), redemption price or prices and liquidation preferences of any wholly unissued class of preference shares and the number of shares constituting any such class and the designation thereof or any of them; and to increase or decrease the number of shares of any class subsequent to the issue of shares of such class then outstanding. In case the number of shares of any class shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares in such class.

It is not possible to state the actual effect of the issuance of any preference shares upon the rights of holders of our Common Stock until the Board determines the specific rights of the holders of that series. However, the effects might include, among other things:

- restricting dividends on Common Stock;
- diluting the voting power of Common Stock;
- impairing the liquidation rights of Common Stock; or
- delaying or preventing a change in control of the Company without further action by the shareholders.

There are no preference shares currently outstanding.

Rights of Inspection

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include:

- our Memorandum;
- any amendment to our Memorandum; and
- the register of directors of the Company.

Additionally, our shareholders have the right to inspect our minutes of our annual general meeting and the audited annual financial statements, which, subject to the Bye-Laws, must be presented at the annual general meeting.

The Register of Members (as defined in the Bye-Laws) is open to inspection by shareholders or members of the public without charge at the registered office of the Company every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each business day be allowed for inspection. Bermuda law does not provide a general right for shareholders to inspect or obtain copies of any other corporate records.

Advance Notice Provisions

Generally, for director nominations to be made at an annual general meeting or special general meeting by a shareholder, the shareholder must provide timely notice in writing and in proper form to the Secretary of the Company at the Company's principal executive offices. With respect to an annual general meeting, a shareholder's notice of a director nomination would be timely if the notice is received by the Secretary at the principal executive offices of the Company not less than 60 and not more than 90 days prior to the date of the annual general meeting. With respect to a special general meeting, a shareholder notice of a director nomination is timely if it is given not later than 10 days following the earlier of the date on which notice of the special general meeting was posted to shareholders or the date on which public disclosure of the date of the special general meeting was made. In no event shall an adjournment, or postponement of a general meeting for which notice has been given commence a new time period for the giving of a shareholder of record's notice.

Generally, for business to be properly brought before an annual general meeting or special general meeting by a shareholder, the business must be a proper matter for shareholder action under applicable law and the shareholder must provide timely notice in writing and in proper form to the Secretary of the Company at the Company's principal executive office. With respect to an annual general meeting, a shareholder's notice would be timely if the notice is received by the Secretary at the principal executive offices of the Company not less than 60 and not more than 90 days prior to the date of the annual general meeting. With respect to a special general meeting, a shareholder notice is timely if it is given not later than 10 days following the earlier of the date on which notice of the special general meeting was posted to shareholders or the date on which public disclosure of the date of the special general meeting was made. In no event shall an adjournment, or postponement of a general meeting for which notice has been given commence a new time period for the giving of a shareholder of record's notice.

Our Bye-Laws set forth the information that must be furnished to the Secretary of the Company in order for any such notice to be proper.

Board of Directors

The Board will consist of not less than two directors and not more than a maximum number as the Board may from time to time determine.

Each director is elected for a term of one year or until their successors are elected or appointed, unless they resign or are earlier removed from office pursuant to our Bye-Laws. If there is a vacancy on the Board occurring as a result of the death, disability, disqualification or resignation of any director or as a result of an increase in the size of the Board, the Board or, subject to our Bye-Laws, the shareholders in a general meeting, shall have the power to appoint any person as a director to fill the vacancy on the Board.

Subject to our Bye-Laws, the shareholders entitled to vote for the election of directors may, at any special general meeting convened and held in accordance with these Bye-laws, remove a director, provided that the notice of any such meeting convened for the purpose of removing a director shall contain a statement of the intention to do so and be served on such director not less than 60 days before the meeting and at such meeting the director shall be entitled to be heard on the motion for such director's removal. If a director is removed from the Board at a special general meeting, the shareholders may fill the vacancy at

the meeting at which such director is removed. In the absence of such election or appointment, the Board may fill the vacancy.

Transfer of Shares

The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share which is not fully paid up. The Board shall refuse to register a transfer unless all applicable consents, authorizations and permissions of any governmental body or agency in Bermuda have been obtained.

Certain Anti-Takeover Provisions / Change in Control

Our Bye-Laws contain certain provisions that may impede or delay an unsolicited takeover of the company under certain circumstances. For example, under our Bye-Laws:

- only upon the affirmative vote or the written consent of the holders of shares holding at the date of the resolution or consent as the case may be not less than sixty six and two thirds percent of the paid up share capital of the Company will the Board have the power to sell, lease or exchange all the property and assets of the Company;
- our Board, subject to the Bye-Laws or to a resolution of the shareholders to the contrary, is permitted to issue preference shares, in one or more series, and determine by resolution any designations, preferences, qualifications, privileges, limitations, restrictions, or special or relative rights thereon. The rights of the preference shares may supersede the rights of Common Stock;
- our Board is authorized to expand its size and fill vacancies; and
- shareholders cannot act by written consent unless the consent is unanimous.

Liquidation Rights

If the Company is to be wound up, the liquidator may, with the sanction of a resolution of the shareholders, divide amongst the shareholders in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he or she deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the shareholders as the liquidator shall think fit, however, no shareholder will be compelled to accept any shares or other securities or assets whereon there is any liability.

Limitations on Liability and Indemnification of Officers and Directors

Section 98 of the Act (“Section 98”) provides generally that we, as a Bermuda company, may indemnify our directors, officers and auditors against any liability which by virtue of any rule of law would be imposed on them in respect of any negligence, default, breach of duty or breach of trust, except in cases where such liability arises from fraud or dishonesty of which such officer, director or auditor may be guilty in relation to us. Section 98 further provides that we may indemnify our directors, officers and auditors against any liability incurred against them in defending any proceedings, whether civil or criminal, in which judgment is awarded in their favor or they are acquitted or granted relief by the Supreme Court of Bermuda pursuant to Section 281 of the Act.

We have adopted provisions in our Bye-Laws that provide that we will indemnify our officers and directors to the maximum extent permitted under the Act. We have also entered into indemnity agreements with each of our directors and officers that provide them with the maximum indemnification allowed under our Bye-Laws and the Act.

The Act and our Bye-Laws also permit us to purchase and maintain insurance for the benefit of our officers and directors covering certain liabilities. We maintain a policy of officers' and directors' liability insurance for the benefit of our officers and directors.

Discontinuance/Continuation

Under Bermuda law, an exempted company may be discontinued in Bermuda and continued in a jurisdiction outside Bermuda as if it had been incorporated under the laws of that other jurisdiction. The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.

Amendment of Bye-Laws

No Bye-law may be rescinded, altered or amended and no new Bye-law may be made until the same has been approved by a resolution of the Board and by a resolution of the shareholders.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

The following is a list of subsidiaries of the company as of February 29, 2020, omitting subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

Name	Incorporation	Doing Business as
Helen of Troy Limited	Barbados	Same Name
Helen of Troy Commercial Offshore de Macau Limitada	Macau	Same Name
Helen of Troy L.P.	Texas Limited Partnership	Same Name, Helen of Troy and Belson Products
Idelle Labs, Ltd.	Texas Limited Partnership	Same Name
OXO International Ltd.	Texas Limited Partnership	Same Name
HOT (UK) Limited	United Kingdom	Same Name, HOT UK and OXO Goodgrips
Steel Technology, LLC	Oregon	Same Name and Hydro Flask
Kaz, Inc.	New York	Same Name
Kaz USA, Inc.	Massachusetts	Same Name
Pur Water Purification Products, Inc.	Nevada	Same Name
Kaz Europe Sarl	Switzerland	Same Name
Helen of Troy Texas Corporation	Texas	Same Name
Drybar Products LLC	Delaware	Same Name

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated April 29, 2020, with respect to the consolidated financial statements, schedule, and internal control over financial reporting included in the Annual Report of Helen of Troy Limited on Form 10-K for the year ended February 29, 2020. We consent to the incorporation by reference of said reports in the Registration Statements of Helen of Troy Limited on Forms S-8 (File No. 333-154525; File No. 333-154526; File No. 333-178217; File No. 333-227074; and File No. 333-227075).

/s/ GRANT THORNTON LLP

Dallas, Texas
April 29, 2020

EXHIBIT 31.1

CERTIFICATION

I, Julien R. Mininberg, certify that:

1. I have reviewed this annual report on Form 10-K of Helen of Troy Limited;

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 fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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.

Date: April 29, 2020

/s/ Julien R. Mininberg
Julien R. Mininberg
Chief Executive Officer,
Director and Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Brian L. Grass, certify that:

1. I have reviewed this annual report on Form 10-K of Helen of Troy Limited;

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 fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer 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.

Date: April 29, 2020

/s/ Brian L. Grass
Brian L. Grass
Chief Financial Officer,
Principal Financial Officer and
Principal Accounting Officer

EXHIBIT 32

CERTIFICATION

In connection with the Annual Report of Helen of Troy Limited (the "Company") on Form 10-K for the fiscal year ended February 29, 2020, as filed with the Securities and Exchange Commission (the "Report"), and pursuant to 18 U.S.C., chapter 63, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned, the Chief Executive Officer and Director and the Senior Vice President and Chief Financial Officer of the Company, hereby certifies that to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 29, 2020

/s/ Julien R. Mininberg_
Julien R. Mininberg
Chief Executive Officer,
Director and Principal Executive Officer

_/s/ Brian L. Grass__
Brian L. Grass
Chief Financial Officer,
Principal Financial Officer and
Principal Accounting Officer

This certification is not deemed to be "filed" for purposes of section 18 of the Securities Exchange Act, or otherwise subject to the liability of that section. This certification is not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference.