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

FORM 10-K

(Mark One)

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

For the fiscal year ended June 30, 2019

or

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

for the transition period from to .

Commission File No. 0-22818

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

Delaware **(State or other jurisdiction of incorporation or organization)**	**22-3240619** **(I.R.S. Employer Identification No.)**
1111 Marcus Avenue **Lake Success, New York** **(Address of principal executive offices)**	**11042** **(Zip Code)**

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

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

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

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

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Indicate by check mark whether 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 (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant based upon the closing price of the registrant’s common stock, as quoted on the NASDAQ Global Select Market on December 31, 2018, the last business day of the registrant’s most recently completed second fiscal quarter, was $1,458,202,287.

As of August 22, 2019, there were 104,218,650 shares outstanding of the registrant’s Common Stock, par value $.01 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of The Hain Celestial Group, Inc. Definitive Proxy Statement for the 2019 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

THE HAIN CELESTIAL GROUP, INC.

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Cautionary Note Regarding Forward Looking Information

This Annual Report on Form 10-K for the fiscal year ended June 30, 2019 (the "Form 10-K") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, relating to our business and financial outlook, which are based on our current beliefs, assumptions, expectations, estimates, forecasts and projections about future events only as of the date of this Form 10-K, and are not statements of historical fact. We make such forward-looking statements pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

Many of our forward-looking statements include discussions of trends and anticipated developments under the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this Form 10-K. In some cases, you can identify forward-looking statements by terminology such as the use of "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "projects," "intends," "predicts," "potential," or "continue" and similar expressions, or the negative of those expressions. These forward-looking statements include, among other things, our beliefs or expectations relating to our business strategy, growth strategy, market price, brand portfolio and product performance, the seasonality of our business and our results of operations and financial condition. These forward-looking statements are not guarantees of our future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict. Therefore, our actual outcomes and results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date hereof, unless it is specifically otherwise stated to be made as of a different date. We undertake no obligation to further update any such statement, or the risk factors described in Item 1A under the heading "Risk Factors," to reflect new information, the occurrence of future events or circumstances or otherwise.

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

PART I
THE HAIN CELESTIAL GROUP, INC.

Item 1. Business

Overview

The Hain Celestial Group, Inc., a Delaware corporation (collectively, along with its subsidiaries, the "Company," and herein referred to as "Hain Celestial," "we," "us" and "our"), was founded in 1993 and is headquartered in Lake Success, New York. The Company's mission has continued to evolve since its founding, with health and wellness being the core tenet. The Company continues to be a leading marketer, manufacturer and seller of organic and natural, "better-for-you" products by anticipating and exceeding consumer expectations in providing quality, innovation, value and convenience. The Company is committed to growing sustainably while continuing to implement environmentally sound business practices and manufacturing processes. Hain Celestial sells its products through specialty and natural food distributors, supermarkets, natural food stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 80 countries worldwide.

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

Historically, the Company divided its business into core platforms, which are defined by common consumer need, route-to-market or internal advantage and are aligned with the Company's strategic roadmap to continue its leadership position in the organic and natural, "better-for-you" products industry. Those core platforms within our United States segment are:

- *Better-for-You Baby*, which includes infant foods, infant and toddler formula, toddler and kids foods and diapers that nurture and care for babies and toddlers, under the Earth's Best® and Ella's Kitchen® brands.
- *Better-for-You Pantry*, which includes core consumer staples, such as MaraNatha®, Arrowhead Mills®, Imagine® and Spectrum® brands.
- *Better-for-You Snacking*, which includes wholesome products for in-between meals, such as Terra®, Sensible Portions® and Garden of Eatin'® brands.
- *Fresh Living*, which includes yogurt, plant-based proteins and other refrigerated products, such as The Greek Gods® yogurt and Dream™ plant-based beverage brands.
- *Pure Personal Care*, which includes personal care products focused on providing consumers with cleaner and gentler ingredients, such as JASON®, Live Clean®, Avalon Organics® and Alba Botanica® brands.
- *Tea*, which includes tea products marketed under the Celestial Seasonings® brand.

Additionally, beginning in fiscal 2017, the Company launched Hain Ventures (formerly known as "Cultivate Ventures"), a venture unit with a twofold purpose: (i) to strategically invest in the Company's smaller brands in high potential categories, by giving these brands a dedicated, creative focus for refresh and relaunch and (ii) to incubate and grow small acquisitions until they reach the scale required to migrate to the Company's core platforms.

During fiscal 2019, the Company refined its strategy within the United States segment, focusing on simplifying the Company's portfolio and reinvigorating profitable sales growth by discontinuing uneconomic investment, realigning resources to coincide with industrial brand role, reducing unproductive stock-keeping units ("SKUs") and brands, and reassessing current pricing architecture. As part of this initiative, the Company reviewed its product portfolio and divided it into "Get Bigger" and "Get Better" brand categories.

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

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

As part of the Company's overall strategy, the Company may seek to dispose of businesses and brands that are less profitable or are otherwise less of a strategic fit within our core portfolio. Accordingly, the Company divested of all of its operations of the Hain Pure Protein reportable segment (discussed further below) and WestSoy® tofu, seitan and tempeh businesses in the United States. Additionally, on August 27, 2019, the Company sold the entities comprising its Tilda operating segment and certain other assets of the Tilda business. See Note 21, *Subsequent Event* in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for further discussion.

Productivity and Transformation

As part of the Company's historical strategic review, it focused on a productivity initiative, which it called "Project Terra." A key component of this project was the identification of global cost savings, and the removal of complexity from the business. This review has included and continues to include streamlining the Company's manufacturing plants, co-packers and supply chain, eliminating served categories or brands within those categories, and product rationalization initiatives which are aimed at eliminating slow moving SKUs.

In fiscal 2019, the Company announced a new transformation initiative, of which one aspect is to identify additional areas of productivity savings to support sustainable profitable performance.

Discontinued Operations

In March 2018, the Company's Board of Directors approved a plan to sell all of the operations of the Hain Pure Protein Corporation ("HPPC") operating segment, which includes the Plainville Farms and FreeBird businesses, and the EK Holdings, Inc. ("Empire Kosher" or "Empire") operating segment, which were reported in the aggregate as the Hain Pure Protein reportable segment. These dispositions were undertaken to reduce complexity in the Company's operations and simplify the Company's brand portfolio, in addition to allowing additional flexibility to focus on opportunities for growth and innovation in the Company's more profitable and faster growing core businesses.

Collectively, these dispositions represented a strategic shift that had a major impact on the Company's operations and financial results and have been accounted for as discontinued operations.

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business (a component of HPPC).

On June 28, 2019, the Company completed the sale of the remainder of HPPC and EK Holdings, Inc. which includes the FreeBird and Empire Kosher businesses.

See Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information.

Chief Executive Officer Succession Plan

On June 24, 2018, the Company entered into a Chief Executive Officer ("CEO") succession plan, whereby the Company's former CEO, Irwin D. Simon, agreed to terminate his employment with the Company upon the hiring of a new CEO. On October 26, 2018, the Company's Board of Directors appointed Mark L. Schiller as President and CEO, succeeding Mr. Simon. In connection with the appointment, on October 26, 2018, the Company and Mr. Schiller entered into an employment agreement, which was approved by the Board, with Mr. Schiller's employment commencing on November 5, 2018. Accordingly, Mr. Simon's employment with the Company terminated on November 4, 2018. See Note 3, *Chief Executive Officer Succession Plan*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information.

Headcount

As of June 30, 2019, we employed a total of 5,441 full-time employees.

Products

During fiscal 2019, we primarily sold our organic, natural, and "better-for-you" products in the following categories: grocery; snacks; personal care; and tea. We continuously evaluate our existing products for quality, taste, nutritional value and cost and make improvements where possible. We discontinue products or SKUs when sales of those items do not warrant further production. Our product categories consist of the following:

Grocery

Grocery products include infant formula, infant, toddler and kids foods, diapers and wipes, rice and grain-based products, plant-based beverages and frozen desserts (such as soy, rice, oat, almond and coconut), flour and baking mixes, breads, hot and cold cereals, pasta, condiments, cooking and culinary oils, granolas, cereal bars, canned, chilled fresh, aseptic and instant soups, yogurts, chilis, chocolate, nut butters, juices including cold-pressed juice, hot-eating desserts, cookies, frozen fruit and vegetables, pre-cut fresh fruit, refrigerated and frozen plant-based meat-alternative products, jams, fruit spreads, jelly, honey, natural sweeteners and marmalade products, as well as other food products. Grocery products accounted for approximately 74% of our consolidated net sales in fiscal 2019, 75% in fiscal 2018 and 74% in fiscal 2017.

Snacks

Our snack products include a variety of potato, root vegetable and other exotic vegetable chips, straws, tortilla chips, whole grain chips, pita chips and puffs. Snack products accounted for approximately 13% of our consolidated net sales in fiscal 2019, 12% in fiscal 2018 and 13% in fiscal 2017.

Personal Care

Our personal care products cover a variety of personal care categories including skin, hair and oral care, deodorants, baby care items, body washes, sunscreens and lotions. Personal care products accounted for approximately 8% of our consolidated net sales in each of fiscal 2019, 2018 and 2017.

Tea

Under the Celestial Seasonings® brand, we currently offer more than 100 varieties of herbal, green, black, wellness, rooibos and chai tea. Tea products accounted for approximately 5% of our consolidated net sales in each of 2019, 2018 and 2017.

Seasonality

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

Working Capital

For information relating to our cash flows from operations and working capital items, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Form 10-K.

Capital Expenditures

During fiscal 2019, our aggregate capital expenditures from continuing operations were $77.1 million. We expect to spend approximately $70 million to $80 million for capital projects in fiscal 2020.

Segments

We principally manage our business by geography in seven operating segments: the United States, United Kingdom, Tilda, Ella's Kitchen UK, Canada, Europe and Hain Ventures. In addition, we have three reportable segments: United States, United Kingdom and Rest of World.

In fiscal 2018, the Hain Pure Protein operations, including HPPC and Empire, were classified as discontinued operations as discussed in Note 5, *Discontinued Operations* in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K. Therefore, segment information presented excludes the results of Hain Pure Protein.

On August 27, 2019, we sold our Tilda business as discussed in Note 21, *Subsequent Event* in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

Each segment includes the results of operations attributable to its geographic location except for Hain Ventures, which conducts business in the United States, Canada and Europe which are included in the Rest of World segment.

We use segment net sales and operating income to evaluate segment performance and to allocate resources. We believe this measure is most relevant in order to analyze segment results and trends. Segment operating income excludes certain general corporate expenses (which are a component of selling, general and administrative expenses), impairment and acquisition related expenses, restructuring, integration and other charges.

The following table presents the Company's net sales by reportable segment for the fiscal years ended June 30, 2019, 2018 and 2017 (amounts in thousands, other than percentages which may not add due to rounding):

	Fiscal Year Ended June 30,					
	2019		2018		2017	
United States	$ 1,009,406	44%	$ 1,084,871	44%	$ 1,107,806	47%
United Kingdom	885,488	38%	938,029	38%	851,757	36%
Rest of World	407,574	18%	434,869	18%	383,942	16%
Total	$ 2,302,468	100%	$ 2,457,769	100%	$ 2,343,505	100%

United States Segment:

Our products are sold throughout the United States. Our customer base consists principally of specialty and natural food distributors, supermarkets, natural food stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores. Our products are sold through a combination of direct sales people, brokers and distributors. We believe that our direct sales people combined with brokers and distributors provide an effective means of reaching a broad and diverse customer base. Food brokers act as agents for us within designated territories, usually on a non-exclusive basis, and receive commissions. A portion of our direct sales force is organized into dedicated teams to serve our significant customers.

A significant portion of the products marketed by us are sold through independent food distributors. Food distributors purchase products from us for resale to retailers.

The brands sold by the United States segment by platform are:

Better-for-You Baby

Our Better-for-You Baby products include infant and toddler formula, infant cereals, jarred baby food, baby food pouches, snacks, frozen toddler and kids' foods and diapers under the Earth's Best®, Earth's Best Sesame Street (under license) and Ella's Kitchen® brands.

Better-for-You Pantry

Our Better-for-You Pantry products include the following natural and organic brands: Spectrum® culinary oils, vinegars and condiments, Spectrum Essentials® nutritional oils and supplements, MaraNatha® nut butters, Imagine® broths, soups and gravies, Rudi's Gluten Free Bakery® and Rudi's Organic Bakery® breads, buns, bagels and tortillas, Arrowhead Mills® flours, mixes and cereals, Hain Pure Foods® condiments and Westbrae® vegetarian products.

Better-for-You Snacking

Our Better-for-You snack food products include Terra® varieties of root vegetable chips, potato chips and other exotic vegetable chips, Garden of Eatin'® tortilla chips, Sensible Portions® snack products including Garden Veggie Straws®, and Garden Veggie Chips and Apple Straws® and Bearitos®, puffs and other snacks.

Fresh Living

Our Fresh Living products include The Greek Gods® Greek-style yogurt and kefir, Almond Dream®, Coconut Dream®, Rice Dream®, Oat Dream®, Soy Dream® and other Dream™ brand plant-based beverages, yogurt and frozen desserts.

Pure Personal Care

Our Pure Personal Care products include skin, hair and oral care products, deodorants and sun care and baby care items under the Alba Botanica®, Avalon Organics®, Earth's Best®, JASON®, Live Clean® and Queen Helene® brands.

Tea

Our tea products are marketed under the Celestial Seasonings® brand and include more than 100 varieties of herbal, green, black, wellness and rooibos teas, with well-known names and products such as Sleepytime®, Lemon Zinger®, Red Zinger®, Cinnamon Apple Spice, Bengal Spice® and Country Peach Passion®.

United Kingdom Segment:

In the United Kingdom, our products include frozen and chilled products, including but not limited to soups, fruits and juices, plant-based and meat-free products, and premium rice and grain-based products as well as ambient products such as jams, fruit spreads, jellies, honey, marmalades, nut butters, sweeteners, syrups and dessert sauces.

The brands sold by our United Kingdom segment include Ella's Kitchen® infant and toddler foods, New Covent Garden Soup Co.® and Yorkshire Provender® chilled soups, Farmhouse Fare™ and Mary Berry™ hot-eating desserts, Johnson's Juice Co.® juices, Linda McCartney's® chilled and frozen plant-based meals, Cully & Sully® chilled soups and ready meals, Hartley's® jams, fruit spreads and jellies, William's™ conserves, Sun-Pat® nut butters, Gale's® honey, Clarks™ natural sweeteners and Robertson's® and Frank Cooper's® marmalades. We also provide a comprehensive range of private label products to many retailers, convenience stores and foodservice providers in the following categories: fresh soup, pre-cut fresh fruit, juice, smoothies, chilled desserts, meat-free meals and ambient grocery products.

Our products are principally sold throughout the United Kingdom and Ireland, but are also sold in other parts of the world as well. Our customer base consists principally of retailers, convenience stores, foodservice providers, business to business, natural food and ethnic specialty distributors, club stores and wholesalers.

Rest of World Segment

Canada

Our products are sold throughout Canada. Our customer base consists principally of grocery supermarkets, mass merchandisers, club stores, natural food distributors, personal care distributors, drug store chains and foodservice distributors. Our products are sold through our own retail direct sales force. We also utilize third-party brokers who receive commissions and sell to foodservice and retail customers. We utilize a third-party merchandising team for retail execution. As in the United States, a portion of the products marketed by us are sold through independent distributors.

The brands sold in our Canada segment include Yves Veggie Cuisine® refrigerated and frozen meat-alternative products, vegetables and lentils, Europe's Best® frozen fruits and vegetables, Earth's Best® infant formula and food, Casbah® packaged grains, MaraNatha® nut butters, Spectrum Essentials® cooking and culinary oils, Imagine® aseptic soups, The Greek Gods® Greek-style yogurt and Robertson's® marmalades. Our plant-based beverages include Rice Dream®, Soy Dream®, Oat Dream®, Coconut Dream®, Almond Dream®, and Rice Dream® in refrigerated format, Rice Dream® and Almond Dream® plant-based frozen desserts, Celestial Seasonings® teas, Terra® chips, Garden of Eatin'® tortilla chips and Sensible Portions® snack products. Our personal care products include skin, hair and oral care products, deodorants and baby care items under the Avalon Organics®, Alba Botanica®, JASON® and Live Clean® brands.

Europe

Our products sold by the Europe operating segment include Danival®, Dream®, Joya®, Lima® and Natumi®. The Danival® brand includes organic cooked vegetables, prepared meals, sauces, fruit spreads and desserts. The Lima® brand includes a wide range of organic products such as soy sauce, plant-based beverages and grain cakes, as well as grains, pasta, cereals, miso, snacks, sweeteners, spreads, soups and condiments. Our Natumi® and Dream® brands include plant-based beverages, including rice, soy, oat and spelt. Our Joya® brand includes soy, oat, rice and nut-based drinks as well as plant-based yogurts, desserts, creamers, tofu and private label products. We also sell our Hartley's® jams, fruit spreads and jellies, Terra® varieties of root vegetable and potato chips, and Celestial Seasonings® teas and Linda McCartney's® chilled and frozen plant-based meals in Europe as well.

Our products are sold in grocery stores and organic food stores throughout Europe. Our products are sold using our own direct sales force and local distributors.

Hain Ventures

Our products sold by the Hain Ventures operating segment include Better Bean® prepared beans and bean-based dips sold in refrigerated tubs, BluePrint® cold-pressed juice drinks, DeBoles® pasta, Health Valley® cereal bars and soups, GG UniqueFiber™ crackers, SunSpire® chocolates, Hollywood® oils, Casbah® grain-based products and Yves Veggie Cuisine® plant-based products.

Hain Ventures products are sold throughout the United States. Our customer base consists principally of grocery supermarkets, mass merchandisers, Direct Store Delivery ("DSD") distributors and natural food distributors. We utilize a dedicated sales team and third-party brokers who receive commissions and sell to grocery supermarkets and natural food stores. A portion of our BluePrint® products and GG UniqueFiber™ crackers are sold through our own DSD sales force as well as through our Direct to Consumer business.

Customers

Two of our customers each accounted for more than 10% of our consolidated net sales in each of the last three fiscal years, respectively. United Natural Foods, Inc., a distributor of products to natural foods supermarkets, independent natural retailers and other supermarkets and retailers, accounted for approximately 10%, 11% and 11% of our consolidated net sales for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, which were primarily related to the United States segment. Likewise, Walmart Inc. and its affiliates, Sam's Club and ASDA, together accounted for approximately 11%, 11% and 12% of our consolidated net sales for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, which were primarily related to the United States and United Kingdom segments. No other customer accounted for more than 10% of our net sales in the past three fiscal years.

Foreign Operations

We sell our products to customers in more than 80 countries. International sales represented approximately 54%, 53% and 50% of our consolidated net sales in fiscal 2019, 2018 and 2017, respectively.

Marketing

We use a combination of trade and consumer promotions to market our products. We use trade advertising and promotion, including placement fees, cooperative advertising and feature advertising in distribution catalogs. Consumer advertising and sales promotions are also made via social media and trial use programs. We utilize in-store product demonstrations and sampling in the club store channel. Our investments in consumer spending are aimed at enhancing brand equity and increasing consumption. These consumer spending categories include, but are not limited to, coupons, direct mailing, e-consumer relationship programs and other forms of promotions. Additionally, we maintain separate websites and social media pages for many of our brands featuring product information regarding the particular brand.

We also utilize sponsorship programs to help create brand awareness. In the United States, our Earth's Best® brand has an agreement with PBS Kids and Sesame Workshop, and our Terra Blues® are featured snacks on JetBlue Airways flights. In addition, Sensible Portions® products, Yves Veggie Cuisine® plant-based burgers and Terra® chips are advertised and sold at Citi Field. There is no guarantee that these promotional investments are or will be successful.

New Product Initiatives Through Research and Development

Innovation, including new product development, is a key component of our growth strategy. We continuously seek to understand our consumers and develop products that address their desire for organic, natural and better-for-you alternatives to conventional packaged foods and personal care products. We have a demonstrated track record of extending our product offerings into other product categories. A team of professional product developers, including microbiologists, nutritionists, food scientists, chefs and chemists, work to develop products to meet changing consumer needs. Our research and development staff incorporates product ideas from all areas of our business in order to formulate new products. In addition to developing new products, the research and development staff routinely reformulates and improves existing products based on advances in ingredients, packaging and technology. We incurred approximately $11.1 million in company-sponsored research and development activities, consisting primarily of personnel-related costs, in fiscal 2019, $9.7 million in 2018 and $10.1 million in 2017. In addition to our company-sponsored research and development activities, in order to quickly and economically introduce our new products to market, we may partner with contract manufacturers that make our products according to our formulas or other specifications. The Company also partners with certain customers from time to time on exclusive customer initiatives. The Company's research and development expenditures do not include the expenditures on such activities undertaken by co-packers and suppliers who develop numerous products on behalf of the Company and on their own initiative with the expectation that the Company will accept their new product ideas and market them under the Company's brands.

Production

Manufacturing

During fiscal 2019, 2018 and 2017, approximately 59%, 58% and 59%, respectively, of our revenue was derived from products manufactured at our own facilities.

Our United States segment operates the following manufacturing facilities:

- Boulder, Colorado (two facilities), which produce Celestial Seasonings® teas and Rudi's Organic Bakery® organic breads, buns, bagels, tortillas, wraps and soft pretzels and Rudi's Gluten-Free Bakery® gluten-free products including breads, buns and tortillas;
- Moonachie, New Jersey, which produces Terra® root vegetable and potato chips;
- Mountville, Pennsylvania, which produces Sensible Portions® snack products;
- Hereford, Texas, which produces Arrowhead Mills® cereals, flours and baking ingredients;
- Ashland, Oregon, which produces MaraNatha® nut butters; and
- Bell, California, which produces Alba Botanica®, Avalon Organics®, JASON® and Earth's Best® personal care products.

Our United Kingdom segment operates the following manufacturing facilities:

- Histon, England, which produces our ambient grocery products including Hartley's®, Frank Cooper's®, Robertson's® and Gale's®;
- Newport, Wales, which produces our Clarks™ sweeteners, syrups and dessert sauces;
- Grimsby, England, which produces our New Covent Garden Soup Co.® chilled soups;
- Clitheroe, England, which produces our Farmhouse Fare® hot-eating desserts;
- Leeds, England, which prepares our fresh fruit products;
- Fakenham, England, which produces Linda McCartney's® meat-free frozen and chilled foods;
- Corby, England (two facilities), which produces drinks and desserts and prepares fresh cut fruit;
- Gateshead, England, which prepares fresh cut fruit;
- North Yorkshire, England, which produces Yorkshire Provender® chilled soups; and
- Larvik, Norway, which produces our GG UniqueFiber™ products.

Our Rest of World segment operates the following manufacturing facilities:

- Trenton, Ontario, which produces Yves Veggie Cuisine® plant-based products;
- Vancouver, British Columbia, which produces Yves Veggie Cuisine® plant-based products;
- Mississauga, Ontario, which produces our Live Clean® and other personal care products;
- Troisdorf, Germany, which produces Natumi®, Rice Dream®, Lima®, Joya® and other plant-based beverages;
- Andiran, France, which produces our Danival® organic food products;
- Oberwart, Austria, which produces our Dream®, Lima®, and Joya® plant-based foods and beverages; and
- Schwerin, Germany, which also produces our Dream®, Lima®, and Joya® plant-based foods and beverages.

See “Item 2: Properties” of this Form 10-K for more information on the manufacturing facilities that we operate.

Co-Packers

In addition to the products manufactured in our own facilities, independent third-party manufacturers, who are referred to in our industry as “co-packers,” manufacture many of our products. In general, utilizing co-packers provides us with the flexibility to produce a large variety of products and the ability to enter new categories quickly and economically. Our contract manufacturers have been selected based on their production capabilities, capitalization and their specific product category expertise, and we expect to continue to partner with them to improve and expand our product offerings. During fiscal 2019, 2018 and 2017, approximately 41%, 42% and 41%, respectively, of our revenue was derived from products manufactured by co-packers. We require that our co-packers comply with all applicable regulations and our quality and food safety program requirements, and compliance is verified through auditing and other activities. Additionally, the co-packers are required to ensure our products are manufactured in accordance with our finished good specifications to ensure we meet customer expectations.

Suppliers of Ingredients and Packaging

Agricultural commodities and ingredients, including almonds, corn, dairy, fruit and vegetables, oils, rice, soybeans and wheat, are the principal inputs used in our products. Our certified organic and natural raw materials as well as our packaging materials are obtained from various suppliers around the world. The Company works with its suppliers to ensure the quality and safety of their ingredients and that such ingredients meet our specifications and comply with applicable regulations. These assurances are supported by our purchasing contracts, supplier expectations manual and technical assessments, including questionnaires, scientific data, certifications, affidavits, certificates of analysis and analytical testing, where required. Our purchasers and quality team visit major suppliers around the world to procure competitively priced, quality ingredients that meet our specifications.

We maintain long-term relationships with many of our suppliers. Purchase arrangements with ingredient suppliers are generally made annually. Purchases are made through purchase orders or contracts, and price, delivery terms and product specifications vary.

Competition

We operate in a highly competitive environment. Our products compete with both large mainstream conventional packaged goods companies and natural and organic packaged foods companies. Many of these competitors enjoy significantly greater resources. Large mainstream conventional packaged goods competitors include Campbell Soup Company, Mondelez International, Inc., General Mills, Inc., Danone S.A., The J.M. Smucker Company, Kellogg Company, The Kraft Heinz Company, Nestle S.A., PepsiCo, Inc., The Hershey Company, Conagra Brands, Inc. and Unilever, and conventional personal care products companies with whom we compete include, but are not limited to, The Proctor & Gamble Company, Johnson & Johnson and Colgate-Palmolive Company. Certain of these large mainstream conventional packaged foods and personal care companies compete with us by selling both conventional products and natural and/or organic products. Natural and organic packaged foods competitors include Chobani LLC, Nature’s Bounty Inc., Clif Bar & Company and Amy’s Kitchen. In addition to these competitors, in each of our categories we compete with many regional and small, local niche brands. Given limited retailer shelf space and merchandising events, competitors actively support their respective brands with marketing, advertising and promotional spending. In addition, most retailers market similar items under their own private label, which compete for the same shelf space.

Competitive factors in the packaged foods industry include product quality and taste, brand awareness and loyalty, product variety, interesting or unique product names, product packaging and package design, shelf space, reputation, price, advertising, promotion and nutritional claims.

Trademarks

We believe that brand awareness is a significant component in a consumer's decision to purchase one product over another in highly competitive consumer products industries. Our trademarks and brand names for the product lines referred to herein are registered in the United States, Canada, the United Kingdom and European Union and a number of other foreign countries, and we intend to keep these filings current and seek protection for new trademarks to the extent consistent with business needs. We also copyright certain of our artwork and package designs. We own the trademarks for our principal products, including Alba Botanica®, Almond Dream®, Arrowhead Mills®, Avalon Organics®, Bearitos®, Better Bean®, BluePrint®, Casbah®, Celestial Seasonings®, Coconut Dream®, Cully & Sully®, Clarks™, Danival®, DeBoles®, Earth's Best®, Earth's Best TenderCare®, Ella's Kitchen®, Europe's Best®, Farmhouse Fare™, Frank Cooper's®, Gale's®, Garden of Eatin'®, Hain Pure Foods®, Hartley's®, Health Valley®, Imagine®, JASON®, Johnson's Juice Co.®, Joya®, Kosher Valley®, Lima®, Live Clean®, MaraNatha®, Natumi®, New Covent Garden Soup Co.®, Nile Spice®, Orchard House®, Queen Helene®, Rice Dream®, Robertson's®, Rudi's Organic Bakery®, Sensible Portions®, Soy Dream®, Spectrum®, Sun-Pat®, Sunripe®, SunSpire®, Terra®, The Greek Gods®, Walnut Acres Organic®, Westbrae®, WestSoy®, William's™, Yorkshire Provender® and Yves Veggie Cuisine®. We also have trademarks for many of our best-selling Celestial Seasonings teas, including Country Peach Passion®, Lemon Zinger®, Mandarin Orange Spice®, Raspberry Zinger®, Red Zinger®, Sleepytime®, Tension Tamer® and Wild Berry Zinger®.

We also market products under brands licensed under trademark license agreements, including Linda McCartney's™, Mary Berry®, Rose's®, the Sesame Street name and logo and other Sesame Workshop intellectual property on certain of our Earth's Best® products, and the Paddington Bear image on certain of our Robertson's® products.

Government Regulation

We are subject to extensive regulations in the United States by federal, state and local government authorities. In the United States, the federal agencies governing the manufacture, marketing and distribution of our products include, among others, the Federal Trade Commission ("FTC"), the United States Food & Drug Administration ("FDA"), the United States Department of Agriculture ("USDA"), the United States Environmental Protection Agency ("EPA") and the Occupational Safety and Health Administration ("OSHA"). Under various statutes, these agencies prescribe and establish, among other things, the requirements and standards for quality, safety and representation of our products to the consumer in labeling and advertising.

Internationally, we are subject to the laws and regulatory authorities of the foreign jurisdictions in which we manufacture and sell our products, including the Food Standards Agency in the United Kingdom, the Canadian Food Inspection Agency in Canada and European Food Safety Authority which supports the European Commission, as well as individual country, province, state and local regulations.

Quality Control

We utilize a comprehensive food safety and quality management program, which employs strict manufacturing procedures, expert technical knowledge on food safety science, employee training, ongoing process innovation, use of quality ingredients and both internal and independent auditing.

In the United States, each of our own manufacturing facilities has a Food Safety Plan ("FSP"), which focuses on preventing food safety risks and is compliant with the requirements set forth under the Food Safety and Modernization Act ("FSMA"). In addition, each facility has at least one Preventive Controls Qualified Individual ("PCQI") who has successfully completed training in the development and application of risk-based preventive controls at least equivalent to that received under a standardized curriculum recognized by the FDA.

All of our Hain-owned manufacturing sites and a significant number of our co-packers are certified against a standard recognized by the Global Food Safety Initiative ("GFSI") including Safe Quality Foods ("SQF") and British Retail Consortium ("BRC"). These standards are integrated food safety and quality management protocols designed specifically for the food sector and offer a comprehensive methodology to manage food safety and quality. Certification provides an independent and external validation that a product, process or service complies with applicable regulations and standards.

In addition to third-party inspections of our co-packers, we have instituted audits to address topics such as allergen control; ingredient, packaging and product specifications; and sanitation. Under FSMA, each of our contract manufacturers is required to have a FSP, a Hazard Analysis Critical Control Plant ("HACCP") plan or a hazard analysis critical control points plan that identifies critical pathways for contaminants and mandates control measures that must be used to prevent, eliminate or reduce relevant food-borne hazards.

Independent Certification

In the United States, our organic products are certified in accordance with the USDA's National Organic Program through Quality Assurance International ("QAI"), a third-party certifying agency. For products marketed as organic outside of the United States, we use accredited certifying agencies to ensure compliance with country-specific government regulations for selling organic products or reciprocity, where available.

Many of our products are certified kosher under the supervision of accredited agencies including The Union of Orthodox Jewish Congregations and "KOF-K" Kosher Supervision.

We also work with other non-governmental organizations such as NSF International, which developed the NSF/ANSI 305 Standard for Personal Care Products Containing Organic Ingredients and provides third-party certification through QAI for our personal care products in the absence of an established government regulation for these products. In addition, we work with other nongovernmental organizations such as the Gluten Free Intolerance Group, Whole Grain Council and the Non-GMO Project.

Currently all of our Hain-owned facilities are GFSI compliant and audited by external certification bodies. 90% of our FDA regulated food facilities have achieved a GFSI certification.

Available Information

The following information can be found, free of charge, in the "Investor Relations" section of our corporate website at http://www.hain.com:

- our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission ("SEC");
- our policies related to corporate governance, including our Code of Business Conduct and Ethics ("Code of Ethics") applying to our directors, officers and employees (including our principal executive officer and principal financial and accounting officers) that we have adopted to meet the requirements set forth in the rules and regulations of the SEC and Nasdaq; and
- the charters of the Audit, Compensation and Corporate Governance and Nominating Committees of our Board of Directors.

If the Company ever were to amend or waive any provision of its Code of Ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or any person performing similar functions, the Company intends to satisfy its disclosure obligations, if any, with respect to any such waiver or amendment by posting such information on its website set forth above rather than by filing a Current Report on Form 8-K.

Item 1A. Risk Factors

Our business, operations and financial condition are subject to various risks and uncertainties. The most significant of these risks include those described below; however, there may be additional risks and uncertainties not presently known to us or that we currently consider immaterial. If any of the following risks and uncertainties develop into actual events, our business, financial condition or results of operations could be materially adversely affected. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment. These risk factors should be read in conjunction with the other information in this Annual Report on Form 10-K and in the other documents that we file from time to time with the SEC.

Our markets are highly competitive.

We operate in highly competitive geographic and product markets. Numerous brands and products compete for limited retailer shelf space, where competition is based on product quality, brand recognition, brand loyalty, price, product innovation, promotional activity, availability and taste among other things. Retailers also market competitive products under their own private labels, which are generally sold at lower prices and compete with some of our products.

Some of our markets are dominated by multinational corporations with greater resources and more substantial operations than us. We may not be able to successfully compete for sales to distributors or retailers that purchase from larger competitors that have greater financial, managerial, sales and technical resources. Conventional food companies, including but not limited to Campbell Soup Company, Mondelez International, Inc., General Mills, Inc., Danone S. A., The J.M. Smucker Company, Kellogg Company, The Kraft Heinz Company, Nestle S.A., PepsiCo, Inc., The Hershey Company, Conagra Brands, Inc., and Unilever, and conventional personal care products companies, including but not limited to The Procter & Gamble Company, Johnson & Johnson and Colgate-Palmolive Company, may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products or reformulating their existing products, reducing prices or increasing promotional activities. We also compete with other organic and natural packaged food brands and companies, which may be more innovative and able to bring new products to market faster and may be better able to quickly exploit and serve niche markets. As a result of this competition, retailers may take actions that negatively affect us. Consequently, we may need to increase our marketing, advertising and promotional spending to protect our existing market share, which may result in an adverse impact on our profitability.

Our growth and continued success depend upon consumer preferences for our products, which could change.

Our business is primarily focused on sales of organic, natural and “better-for-you” products which, if consumer demand for such categories were to decrease, could harm our business. While we continue to diversify our product offerings, developing new products entails risks, and demand for our products may not continue at current levels or increase in the future. The success of our innovation and product improvement effort is affected by our ability to anticipate changes in consumers’ preferences, the level of funding that can be made available, the technical capability of our research and development staff in developing, formulating and testing product prototypes, including complying with governmental regulations, and the success of our management in introducing the resulting improvements in a timely manner. In addition, we may see a substantial shift in consumption towards the e-commerce channel. Typically, products sold via the e-commerce channel have lower margins than those sold in traditional brick and mortar retailers and present unique challenges in order fulfillment. If we are unsuccessful in implementing product improvements or introducing new products that satisfy the demands of consumers, our business could be harmed.

In addition, we have other product categories that are subject to evolving consumer preferences. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. A significant shift in consumer demand away from our products could reduce the sales of our brands or our market share, both of which could harm our business.

A significant portion of our business has exposure to continued political uncertainty in the United Kingdom and the negotiation of its exit from the European Union, commonly referred to as “Brexit.”

In each of fiscal years 2019 and 2018, approximately 38% of our consolidated net sales were generated in the United Kingdom, which continues to experience political, economic and market uncertainty as it negotiates the terms of Brexit. Brexit has caused and may continue to 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. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. The 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

may 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 United Kingdom determines which European Union laws to replace or replicate.

Consolidation of customers or the loss of a significant customer could negatively impact our sales and profitability.

Our growth and continued success depend upon, among other things, our ability to maintain and increase sales volumes with existing customers, our ability to attract new customers, the financial condition of our customers and our ability to provide products that appeal to customers at the right price. Customers, such as supermarkets and food distributors in North America and the European Union, continue to consolidate. This consolidation has produced larger, more sophisticated organizations with increased negotiating and buying power that are able to resist price increases or demand increased promotional programs, as well as operate with lower inventories, decrease the number of brands that they carry and increase their emphasis on private label products, which could negatively impact our business. The consolidation of retail customers also increases the risk that a significant adverse impact on their business could have a corresponding material adverse impact on our business.

Two of our customers each accounted for more than 10% of our consolidated net sales in each of the last three fiscal years, respectively. United Natural Foods, Inc., a distributor of products to natural foods supermarkets, independent natural retailers and other supermarkets and retailers, accounted for approximately 10%, 11% and 11% of our consolidated net sales for the fiscal years ended June 30, 2019, 2018, and 2017, respectively, which were primarily related to the United States segment. Likewise, WalMart Inc. and its affiliates, Sam's Club and ASDA, together accounted for approximately 11%, 11%, and 12% of our consolidated net sales for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, which were primarily related to the United States and United Kingdom segments.

The loss of any large customer, the reduction of purchasing levels or the cancellation of any business from a large customer for an extended length of time could negatively impact our sales and profitability.

We rely on independent distributors for a substantial portion of our sales.

In our United States segment, we rely upon sales made by or through a group of non-affiliated distributors to customers. Distributors purchase directly for their own account for resale. The loss of, or business disruption at, one or more of these distributors may harm our business. If we are required to obtain additional or alternative distribution agreements or arrangements in the future, we cannot be certain that we will be able to do so on satisfactory terms or in a timely manner. Our inability to enter into satisfactory distribution agreements may inhibit our ability to implement our business plan or to establish markets necessary to successfully expand the distribution of our products.

Disruptions in the worldwide economy and the financial markets may adversely impact our business and results of operations.

Adverse and uncertain economic and market conditions, particularly in the locations in which we operate, may impact customer and consumer demand for our products and our ability to manage normal commercial relationships with our customers, suppliers and creditors. Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns, which may adversely affect our results of operations. Consumers may also reduce the number of organic and natural products that they purchase where there are conventional alternatives, given that organic and natural products generally have higher retail prices than do their conventional counterparts. In addition, consumers may choose to purchase private label products rather than branded products, which generally have lower retail prices than do their branded counterparts. Distributors and retailers may also become more conservative in response to these conditions and seek to reduce their inventories.

Prolonged unfavorable economic conditions may have an adverse effect on any of these factors and, therefore, could adversely impact our sales and profitability.

We are subject to risks associated with our international sales and operations, including foreign currency, compliance and trade risks.

Operating in international markets involves exposure to movements in currency exchange rates, which are volatile at times. The economic impact of currency exchange rate movements is complex because such changes are often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. Consequently, isolating the effect of changes in currency does not incorporate these other important economic factors. These changes, if material, could cause adjustments to our financing and operating strategies.

We hold assets, incur liabilities, earn revenue and pay expenses in a variety of currencies other than the United States Dollar, primarily the British Pound, the Euro, the Canadian Dollar and the Indian Rupee. Our consolidated financial statements are presented in United States Dollars, and therefore we must translate our assets, liabilities, revenue and expenses into United States Dollars for external reporting purposes. As a result, changes in the value of the United States Dollar during a period may unpredictably and adversely impact our consolidated operating results, our asset and liability balances and our cash flows in our consolidated financial statements, even if their value has not changed in their original currency.

During fiscal 2019, 54% of our consolidated net sales were generated outside the United States, while such sales outside the United States were 53% of net sales in fiscal 2018 and 50% in fiscal 2017. Sales from outside our U.S. markets may continue to represent a significant portion of our total net sales in the future. Our non-U.S. sales and operations are subject to risks inherent in conducting business abroad, many of which are outside our control, including:

- periodic economic downturns and the instability of governments, including default or deterioration in the credit worthiness of local governments, geopolitical regional conflicts, terrorist activity, political unrest, civil strife, acts of war, public corruption, expropriation and other economic or political uncertainties;
- difficulties in managing a global enterprise, including staffing, collecting accounts receivable and managing distributors;
- compliance with U.S. laws affecting operations outside of the United States, such as the U.S. Foreign Corrupt Practices Act (“FCPA”) and the Office of Foreign Assets Control trade sanction regulations and anti-boycott regulations;
- difficulties associated with operating under a wide variety of complex foreign laws, treaties and regulations, including compliance with antitrust and competition laws, anti-modern slavery laws, anti-bribery and anti-corruption laws, data privacy laws, including the European Union General Data Protection Regulation (“GDPR”), and a variety of other local, national and multi-national regulations and laws;
- tariffs, quotas, trade barriers or sanctions, other trade protection measures and import or export licensing requirements imposed by governments that might negatively affect our sales, including, but not limited to, Canadian and European Union tariffs imposed on certain U.S. food and beverages;
- pandemics, such as the flu, which may adversely affect our workforce as well as our local suppliers and customers;
- earthquakes, tsunamis, floods or other major disasters that may limit the supply of products that we purchase abroad;
- varying regulatory, tax, judicial and administrative practices in the jurisdictions where we operate, including changes in tax laws, interpretation of tax laws, tax audit outcomes and potentially burdensome taxation;
- changes in capital controls, including price and currency exchange controls;
- discriminatory or conflicting fiscal policies;
- varying abilities to enforce intellectual property and contractual rights;
- greater risk of uncollectible accounts and longer collection cycles;
- design and implementation of effective control environment processes across our diverse operations and employee base;
- foreign currency exchange and transfer restrictions;
- increased costs, disruptions in shipping or reduced availability of freight transportation; and
- differing labor standards.

If we do not manage our supply chain effectively, our operating results may be adversely affected.

The success of our business depends, in part, on maintaining a strong sourcing and manufacturing platform. The inability of any supplier of raw materials, independent co-packer or third-party distributor to deliver or perform for us in a timely or cost-effective manner could cause our operating costs to increase and our profit margins to decrease, especially as it relates to our products that have a short shelf life. We must continuously monitor our inventory and product mix against forecasted demand or risk having inadequate supplies to meet consumer demand as well as having too much inventory on hand that may reach its expiration date and become unsaleable. If we are unable to manage our supply chain efficiently and ensure that our products are available to meet consumer demand, our operating costs could increase, and our profit margins could decrease.

Our future results of operations may be adversely affected by volatile commodity costs.

Many aspects of our business have been, and may continue to be, directly affected by volatile commodity costs, including fuel. Agricultural commodities and ingredients, including almonds, corn, dairy, fruit and vegetables, oils, rice, soybeans and wheat, are the principal inputs used in our products. These items are subject to price volatility which can be caused by commodity market fluctuations, crop yields, seasonal cycles, weather conditions (including the potential effects of climate change), temperature extremes and natural disasters (including floods, droughts, water scarcity, frosts, earthquakes and hurricanes), pest and disease problems, changes in currency exchange rates, imbalances between supply and demand, and government programs and policies among other factors. Volatile fuel costs translate into unpredictable costs for the products and services we receive from our third-party providers including, but not limited to, distribution costs for our products and packaging costs. While we seek to offset the volatility of such costs with a combination of cost savings initiatives, operating efficiencies and price increases to our customers,

we may be unable to manage cost volatility. If we are unable to fully offset the volatility of such costs, our financial results could be adversely affected.

Our ability to achieve our business plans is partially dependent on our ability to implement and achieve targeted savings and efficiencies from cost reduction initiatives.

We put in place planned productivity initiatives that are designed to control or reduce costs or that increase operating efficiencies in order to improve our profitability and offset many of the input cost increases that are outside of our control. In addition, these initiatives are designed to fund opportunities for investment in innovation and marketing. Our success depends on our ability to execute these initiatives and realize cost savings and efficiencies from our operations. If we are unable to identify and fully implement our productivity plans and achieve our anticipated efficiencies, our profitability may be adversely impacted.

Our profit margins also depend on our ability to manage our inventory efficiently. As part of our effort to manage our inventory more efficiently, we carry out SKU rationalization programs, which may result in the discontinuation of lower-margin or low-turnover SKUs. For example, as part of the Project Terra review, and the more recent productivity initiative in fiscal year 2019, the Company has carried out product rationalization initiatives aimed at eliminating low margin and slow moving SKUs or brands entirely. However, a number of factors, such as changes in customers' inventory levels, access to shelf space and changes in consumer preferences, may lengthen the number of days we carry certain inventories, which may impede our effort to manage our inventory efficiently and thereby increase our costs.

Our debt may restrict our future operations, and any default under our debt agreements could have significant consequences.

We have substantial debt and have the ability to incur additional debt. As of June 30, 2019, we had approximately $626.8 million of debt outstanding under our credit agreement, consisting of approximately $420.6 million in borrowings under a revolving credit facility and approximately $206.3 million outstanding under a term loan. As of June 30, 2019, there was approximately $569.7 million available for additional borrowings under the revolving credit facility. Our payments of interest and principal due under our debt could make it more difficult for us to satisfy our financial obligations and could increase our vulnerability to general adverse economic and industry conditions.

Our credit agreement contains covenants imposing certain restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. The credit agreement contains restrictive covenants including, with specified exceptions, limitations on our ability to engage in certain business activities, incur debt and liens, make capital expenditures, pay dividends or make other distributions, enter into affiliate transactions, consolidate, merge or acquire or dispose of assets, and make certain investments, acquisitions and loans. The credit agreement also requires us to satisfy certain financial covenants, such as maintaining a minimum consolidated interest coverage ratio and a maximum consolidated leverage ratio.

Our ability to comply with these covenants under the credit agreement may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any of these covenants could result in a default, which would permit the lenders to declare all outstanding debt to be due and payable, together with accrued and unpaid interest. Our obligations under the credit agreement are guaranteed by certain existing and future domestic subsidiaries of the Company and are secured by liens on assets of the Company and its material domestic subsidiaries, including the equity interest in each of their direct subsidiaries and intellectual property, subject to agreed upon exceptions. Any default by us under the credit agreement could have a material adverse effect on our financial condition and our business.

Ineffective internal controls could impact the Company's business and financial results.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, and for evaluating and reporting on our system for internal control. Our management concluded in its most recent year-end assessment that our internal control over financial reporting was effective as of June 30, 2019. However, such internal control has inherent limitations and may not prevent or detect misstatements. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If we fail to maintain adequate internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, we could fail to meet our financial reporting obligations and our business, financial results and reputation could be harmed.

Legal claims, government investigations or other regulatory enforcement actions could subject us to civil and criminal penalties.

We operate in a highly regulated environment with constantly evolving legal and regulatory frameworks. Consequently, we are subject to a heightened risk of legal claims, government investigations and other regulatory enforcement actions. We are subject

to extensive regulations in the United States, United Kingdom, Canada, Europe, Asia, including India, and any other countries where we manufacture, distribute and/or sell our products. Our products are subject to numerous food safety and other laws and regulations relating to the registration and approval, sourcing, manufacturing, storing, labeling, marketing, advertising and distribution of these products. Enforcement of existing laws and regulations, changes in legal requirements and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect our business, financial condition or operating results.

In addition, we could be adversely affected by violations of the FCPA and similar worldwide anti-bribery laws, which generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials or other third parties for the purpose of obtaining or retaining business. Although we have implemented policies and procedures designed to ensure compliance with existing laws and regulations, we cannot provide any assurance that our employees, contractors or agents will not violate our policies and procedures.

Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations. Legal claims, government investigations or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations could subject us to civil and criminal penalties that could materially and adversely affect our product sales, reputation, financial condition, and operating results. In addition, the costs and other effects of defending potential and pending litigation and administrative actions against us may be difficult to determine and could adversely affect our financial condition and operating results.

Pending and future litigation may lead us to incur significant costs.

We are, or may become, party to various lawsuits and claims arising in the normal course of business, which may include lawsuits or claims relating to contracts, intellectual property, product recalls, product liability, the marketing and labeling of products, employment matters, environmental matters, data protection or other aspects of our business as well as any securities class action and stockholder derivative litigation. For example, as discussed under Item 3, “Legal Proceedings”, we are currently subject to class actions and derivative complaints arising out of or related to the Company’s internal accounting review. Even when not merited, the defense of these lawsuits may divert our management’s attention, and we may incur significant expenses in defending these lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some or all of these legal disputes may result in monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial position, cash flows or results of operations. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

We may be subject to significant liability that is not covered by insurance, and our potential indemnification obligations and limitations of our director and officer liability insurance could result in significant legal expenses or damages and cause our business, financial condition, results of operations and cash flows to suffer.

While we believe that the extent of our insurance coverage is consistent with industry practice, any claim under our insurance policies may be subject to certain exceptions as well as caps on amounts recoverable, may not be honored fully, in a timely manner, or at all, and we may not have purchased sufficient insurance to cover all losses incurred. Separate from potential indemnification obligations, if we were to incur substantial liabilities or if our business operations were interrupted for a substantial period of time, we could incur costs and suffer losses. Such inventory and business interruption losses may not be covered by our insurance policies. Additionally, in the future, insurance coverage may not be available to us at commercially acceptable premiums, or at all.

In addition, both current and former officers and members of our Board of Directors, as individual defendants, are the subject of lawsuits related to the Company. Under Delaware law, our bylaws and certain indemnification agreements, we may have an obligation to indemnify both current and former officers and directors in relation to these matters, and our insurance coverage may not be adequate to cover all of the costs associated with these claims. If the Company incurs significant uninsured indemnity obligations, our indemnity obligations could result in significant legal expenses or damages and cause our business, financial condition, results of operations and cash flow to suffer.

We may be subject to significant liability should the consumption of any of our products cause illness or physical harm.

The sale of products for human use and consumption involves the risk of injury or illness to consumers. Such injuries may result from inadvertent mislabeling, tampering by unauthorized third parties or product contamination or spoilage. Under certain circumstances, we may be required to recall or withdraw products, suspend production of our products or cease operations, which may lead to a material adverse effect on our business. In addition, customers may cancel orders for such products as a result of

such events. Even if a situation does not necessitate a recall or market withdrawal, product liability claims might be asserted against us. While we are subject to governmental inspection and regulations and believe our facilities and those of our co-packers and suppliers comply in all material respects with all applicable laws and regulations, if the consumption of any of our products causes, or is alleged to have caused, a health-related illness, we may become subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or physical harm, could adversely affect our reputation with existing and potential customers and consumers and our corporate and brand image. Moreover, claims or liabilities of this type might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. Although we maintain product liability and product recall insurance in an amount that we believe to be adequate, we may incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage. A product liability judgment against us or a product recall could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

An impairment in the carrying value of goodwill or other acquired intangible assets could materially and adversely affect our consolidated results of operations and net worth.

As of June 30, 2019, we had goodwill of $1.01 billion and trademarks and other intangibles assets of $465.2 million, which in the aggregate represented 57% of our total consolidated assets. The net carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date (or subsequent impairment date, if applicable). The net carrying value of trademarks and other intangibles represents the fair value of trademarks, customer relationships and other acquired intangibles as of the acquisition date (or subsequent impairment date, if applicable), net of accumulated amortization. Goodwill and other acquired intangibles expected to contribute indefinitely to our cash flows are not amortized, but must be evaluated by management at least annually for impairment. Amortized intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. Impairments to goodwill and other intangible assets may be caused by factors outside our control, such as increasing competitive pricing pressures, changes in discount rates based on changes in cost of capital (interest rates, etc.), lower than expected sales and profit growth rates, changes in industry Earnings Before Interest Taxes Depreciation and Amortization (“EBITDA”) multiples, the inability to quickly replace lost co-manufacturing business, or the bankruptcy of a significant customer. We have in the past recorded, and may in the future be required to record, significant charges in our consolidated financial statements during the period in which any impairment of our goodwill or intangible assets is determined. The incurrence of impairment charges could negatively affect our results of operations and adversely impact our net worth and our consolidated earnings in the period of such charge.

We may not be able to successfully consummate divestitures as part of our strategy to become a smaller business.

As discussed under Item 1, “Business,” as part of the Company’s overall strategy, the Company may seek to dispose of businesses and brands that are less profitable or are otherwise less of a strategic fit within our core portfolio. We may not be able to negotiate such divestitures on terms acceptable to us. Also, our profitability may be impacted by gains or losses on the sales of such businesses, or lost operating income or cash flows from such businesses. Additionally, we may be required to record, and have in the past recorded, asset impairment or restructuring charges related to divested businesses. Similarly, we may be obliged to indemnify buyers for liabilities, which may reduce our profitability and cash flows. Such potential divestitures will require management resources and may divert management’s attention from our day-to-day operations. If we are not successful in divesting such businesses, our business could be harmed.

Our acquisition history could expose us to risk, including our ability to continue to integrate the brands that we have acquired.

We have historically grown our business in part through the acquisition of brands, both in the United States and internationally. The success of our more recent acquisitions will be dependent upon our ability to effectively integrate those brands, including our ability to realize potentially available marketing opportunities and cost savings, some of which may involve operational changes. Despite our due diligence investigation of each business that we have acquired, there may be liabilities of the acquired companies that we failed to or were unable to discover during the diligence process and for which we, as a successor owner, may be responsible.

Our future results of operations may be adversely affected by the availability of organic ingredients.

Our ability to ensure a continuing supply of organic ingredients at competitive prices depends on many factors beyond our control, such as the number and size of farms that grow organic crops, climate conditions, increased demand for organic ingredients by our competitors, changes in national and world economic conditions, currency fluctuations and forecasting adequate need of seasonal ingredients.

The organic ingredients that we use in the production of our products (including, among others, fruits, vegetables, nuts and grains) are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, water scarcity, temperature extremes,

frosts, earthquakes and pestilences. Natural disasters and adverse weather conditions (including the potential effects of climate change) can lower crop yields and reduce crop size and crop quality, which in turn could reduce our supplies of organic ingredients or increase the prices of organic ingredients. If our supplies of organic ingredients are reduced, we may not be able to find enough supplemental supply sources on favorable terms, if at all, which could impact our ability to supply products to our customers and adversely affect our business, financial condition and results of operations.

We also compete with other manufacturers in the procurement of organic product ingredients, which may be less plentiful in the open market than conventional product ingredients. This competition may increase in the future if consumer demand for organic products increases. This could cause our expenses to increase or could limit the amount of products that we can manufacture and sell.

Interruption in, disruption of or loss of operations at one or more of our manufacturing facilities could harm our business.

For the fiscal years ended June 30, 2019, 2018 and 2017, approximately 59%, 58% and 59%, respectively, of our net sales was derived from products manufactured at our own manufacturing facilities. An interruption in, disruption of or the loss of operations at one or more of these facilities, which may be caused by work stoppages, governmental actions, disease outbreaks or pandemics, acts of war, terrorism, fire, earthquakes, flooding or other natural disasters at one or more of these facilities, could delay or postpone production of our products, which could have a material adverse effect on our business, results of operations and financial condition until such time as the interruption of operations is resolved or an alternate source of production is secured. In addition, if one or more of our manufacturing facilities are running at full capacity and we are unable to keep up with customer demand, we may not be able to fulfill orders on time or at all which could adversely impact our business.

Loss of one or more of our independent co-packers could adversely affect our business.

During fiscal 2019, 2018 and 2017, approximately 41%, 42% and 41%, respectively, of our net sales were derived from products manufactured at independent co-packers. In some cases, an individual co-packer may produce all of our requirements for a particular brand. We believe there are a limited number of competent, high-quality co-packers in the industry, and many of our co-packers produce products for other companies as well. Therefore, if we lose or need to change one or more co-packers, experience disruptions or delays at a co-packer or fail to retain co-packers for newly acquired products or brands, production of our products may be delayed or postponed and/or the availability of some of our products may be reduced or eliminated, which could have a material adverse effect on our business, results of operations and financial condition.

Disruption of our transportation systems could harm our business.

The success of our business depends, in large part, upon dependable and cost-effective transportation systems and a strong distribution network. A disruption in transportation services could result in an inability to supply materials to our or our co-packers' facilities or finished products to our distribution centers or customers. We utilize distribution centers that are managed by third parties. Activity at these distribution centers could be disrupted by a number of factors, including labor issues, failure to meet customer standards, acts of war, terrorism, fire, earthquakes, flooding or other natural disasters or bankruptcy or other financial issues affecting the third-party providers. Any extended disruption in the distribution of our products or an increase in the cost of these services could have a material adverse effect on our business.

Our inability to use our trademarks could have a material adverse effect on our business.

We believe that brand awareness is a significant component in a consumer's decision to purchase one product over another in the highly competitive food, beverage and personal care industries. Although we endeavor to protect our trademarks and trade names, these efforts may not be successful, and third parties may challenge our right to use one or more of our trademarks or trade names. We believe that our trademarks and trade names are significant to the marketing and sale of our products and that the inability to utilize certain of these names could have a material adverse effect on our business, results of operations and financial condition.

In addition, we market products under brands licensed under trademark license agreements, including Linda McCartney's™, the Sesame Street name and logo and other Sesame Workshop intellectual property on certain of our Earth's Best® products. We believe that these trademarks have significant value and are instrumental in our ability to market and sustain demand for those product offerings. We cannot assure you that these trademark license agreements will remain in effect and enforceable or that any license agreements, upon expiration, can be renewed on acceptable terms or at all. In addition, any future disputes concerning these trademark license agreements may cause us to incur significant litigation costs or force us to suspend use of the disputed trademarks and suspend sales of products using such trademarks.

We are subject to environmental laws and regulations relating to hazardous materials, substances and waste used in or resulting from our operations. Liabilities or claims with respect to environmental matters could have a significant negative impact on our business.

As with other companies engaged in similar businesses, the nature of our operations expose us to the risk of liabilities and claims with respect to environmental matters, including those relating to the disposal and release of hazardous substances. Furthermore, our operations are governed by laws and regulations relating to workplace safety and worker health, which, among other things, regulate employee exposure to hazardous chemicals in the workplace. Any material costs incurred in connection with such liabilities or claims could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. Any environmental or health and safety legislation or regulations enacted in the future, or any changes in how existing or future laws or regulations will be enforced, administered or interpreted, may lead to an increase in compliance costs or expose us to additional risk of liabilities and claims, which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

If the reputation of one or more of our leading brands erodes significantly, it could have a material impact on our results of operations.

Our financial success is directly dependent on the consumer perception of our brands. The success of our brands may suffer if our marketing plans or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Further, our results could be negatively impacted if one of our brands suffers substantial damage to its reputation due to real or perceived quality issues or the Company is perceived to act in an irresponsible manner. In addition, it is possible for such information, misperceptions and opinions to be shared quickly and disseminated widely due to the use of social and digital media.

We rely on independent certification for a number of our products.

We rely on independent third-party certification, such as certifications of our products as "organic", "Non-GMO" or "kosher," to differentiate our products from others. We must comply with the requirements of independent organizations or certification authorities in order to label our products as certified organic. For example, we can lose our "organic" certification if a manufacturing plant becomes contaminated with non-organic materials, or if it is not properly cleaned after a production run. In addition, all raw materials must be certified organic. Similarly, we can lose our "kosher" certification if a manufacturing plant and raw materials do not meet the requirements of the appropriate kosher supervision organization. The loss of any independent certifications could adversely affect our market position as an organic and natural products company, which could harm our business.

A cybersecurity incident or other technology disruptions could negatively impact our business and our relationships with customers.

We use computers in substantially all aspects of our business operations. We also use mobile devices, social networking and other online activities to connect with our employees, suppliers, customers and consumers. Such uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. Our business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including customers' and suppliers' information, private information about employees, and financial and strategic information about the Company and its business partners. Further, as we pursue new initiatives that improve our operations and cost structure, we are also expanding and improving our information technologies, resulting in a larger technological presence and increased exposure to cybersecurity risk. If we fail to assess and identify cybersecurity risks associated with new initiatives, we may become increasingly vulnerable to such risks. Additionally, while we have implemented measures to prevent security breaches and cyber incidents, our preventative measures and incident response efforts may not be entirely effective. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, brand damage, litigation, violation of privacy laws, loss of customers, potential liability and competitive disadvantage any of which could have a material adverse effect on our business, financial condition or results of operations.

Our business operations could be disrupted if our information technology systems fail to perform adequately.

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage our business data, communications, supply chain, order entry and fulfillment, and other business processes. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies and the loss of sales and customers, causing our business and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from

circumstances beyond our control, including fire, natural disasters, system failures and viruses. Any such damage or interruption could have a material adverse effect on our business.

Compliance with data privacy laws may be costly, and non-compliance with such laws may result in significant liability.

Many jurisdictions in which the Company operates have laws and regulations relating to data privacy and protection of personal information, including the European Union GDPR, which became effective May 25, 2018. GDPR requires companies to satisfy requirements regarding the handling of personal data. Failure to comply with GDPR requirements could result in litigation, adverse publicity and penalties of up to 4% of worldwide revenue. The law in this area continues to develop, and the changing nature of privacy laws in the European Union and elsewhere could impact the Company’s processing of personal information related to the Company’s employees, consumers, customers and vendors. The enactment of more restrictive laws, rules or regulations or future enforcement actions or investigations could impact us through increased costs or restrictions on our business, and noncompliance could result in regulatory penalties and significant liability.

Joint ventures that we enter into present a number of risks and challenges that could have a material adverse effect on our business and results of operations.

As part of our business strategy, we have made minority interest investments and established joint ventures. These transactions typically involve a number of risks and present financial and other challenges, including the existence of unknown potential disputes, liabilities or contingencies and changes in the industry, location or political environment in which these investments are located, that may arise after entering into such arrangements. We could experience financial or other setbacks if these transactions encounter unanticipated problems, including problems related to execution by the management of the companies underlying these investments. Any of these risks could adversely affect our results of operations.

Global capital and credit market issues could negatively affect our liquidity, increase our costs of borrowing and disrupt the operations of our suppliers and customers.

We depend on stable, liquid and well-functioning capital and credit markets to fund our operations. Although we believe that our operating cash flows, financial assets, access to capital and credit markets and revolving credit agreement will permit us to meet our financing needs for the foreseeable future, future volatility or disruption in the capital and credit markets and the state of the economy, including the consumer staples industry, may impair our liquidity or increase our costs of borrowing. Such disruptions could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged. Our business could also be negatively impacted if our suppliers or customers experience disruptions resulting from tighter capital and credit markets or a slowdown in the general economy.

Climate change may negatively affect our business and operations.

There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as corn, oats, rice, wheat and various fruits and vegetables. As a result of climate change, we may also be subjected to decreased availability of water, deteriorated quality of water or less favorable pricing for water, which could adversely impact our manufacturing and distribution operations.

The ownership of our common stock could be concentrated, and certain stockholders could have significant influence over the outcome of corporate actions requiring stockholder approval.

As of August 29, 2019, based on information filed with the SEC and reported to us, Engaged Capital, LLC and certain of its affiliates (“Engaged Capital”) beneficially owned an aggregate of approximately 20% of our outstanding common stock. Engaged Capital and any other stockholders acquiring beneficial ownership of a significant amount of our outstanding common stock could have significant influence over the outcome of corporate actions requiring stockholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets, and certain other significant corporate transactions.

Our ability to issue preferred stock may deter takeover attempts.

Our Board of Directors is empowered to issue, without stockholder approval, preferred stock with dividends, liquidation, conversion, voting or other rights, which could decrease the amount of earnings and assets available for distribution to holders of our common stock and adversely affect the relative voting power or other rights of the holders of our common stock. In the event of issuance, the preferred stock could be used as a method of discouraging, delaying or preventing a change in control. Our amended

and restated certificate of incorporation authorizes the issuance of up to 5 million shares of “blank check” preferred stock with such designations, rights and preferences as may be determined from time to time by our Board of Directors. Although we have no present intention to issue any shares of our preferred stock, we may do so in the future under appropriate circumstances.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal facilities, which are leased except where otherwise indicated, are as follows:

Primary Use	Location	Approximate Square Feet	Expiration of Lease
United States:			
Headquarters office	Lake Success, NY	86,000	2029
Manufacturing and offices (Tea)	Boulder, CO	158,000	Owned
Manufacturing and distribution (Flours and grains)	Hereford, TX	136,000	Owned
Manufacturing (Snack products)	Moonachie, NJ	75,000	Owned
Manufacturing and distribution center (Snack products)	Mountville, PA	100,000	2024
Manufacturing (Meat-alternatives)	Boulder, CO	21,000	Owned
Manufacturing (Nut butters)	Ashland, OR	13,000	Owned
Distribution center (Grocery, snacks, and personal care products)	Ontario, CA	375,000	2023
Distribution (Tea)	Boulder, CO	100,000	2020
Manufacturing and distribution (Breads, buns, and related products)	Boulder, CO	69,000	2020
Manufacturing and distribution (Personal Care)	Bell, CA	125,000	2028
Storage facility (Raw and packaging products)	Ashland, OR	13,000	2020
United Kingdom:			
Manufacturing and offices (Ambient grocery products)	Histon, England	303,000	Owned
Manufacturing (Hot-eating desserts)	Clitheroe, England	38,000	2026
Manufacturing (Fresh fruit and salads)	Leeds, England	34,000	2022
Manufacturing (Chilled soups)	Grimsby, England	61,000	2029
Manufacturing (Chilled soups)	North Yorkshire, England	14,000	Owned
Manufacturing (Desserts and plant-based frozen products)	Fakenham, England	101,000	Owned
Manufacturing (Fresh prepared fruit products)	Corby, England	45,000	2024
Distribution and offices (Packaging and ingredients)	Corby, England	22,500	2019
Manufacturing, distribution and offices (Fresh prepared fruit products and drinks)	Corby, England	89,500	Owned
Manufacturing and offices (Fresh prepared fruit)	Gateshead, England	46,000	2020
Manufacturing and distribution (Crackers)	Larvik, Norway	20,000	2019
Manufacturing and distribution (Natural sweeteners)	Newport, England	14,500	2023

Primary Use	Location	Approximate Square Feet	Expiration of Lease
Rest of World:			
Manufacturing (Plant-based foods)	Vancouver, BC, Canada	76,000	Owned
Manufacturing and offices (Personal care)	Mississauga, ON, Canada	61,000	2020
Distribution (Personal care)	Mississauga, ON, Canada	81,000	2022
Manufacturing (Plant-based foods)	Trenton, ON, Canada	47,000	2028
Offices	Toronto, ON, Canada	14,000	2024
Manufacturing, distribution and offices (Plant-based beverages)	Troisdorf, Germany	131,000	2037
Manufacturing and offices (Organic food products)	Andiran, France	39,000	Owned
Distribution (Organic food products)	Nerac, France	18,000	Owned
Manufacturing and offices (Plant-based foods and beverages)	Oberwart, Austria	108,000	Unlimited
Manufacturing (Plant-based foods and beverages)	Schwerin, Germany	650,000	Owned
Manufacturing and distribution (Plant-based foods and beverages	Loipersdorf, Austria	76,000	Unlimited

We also lease space for other smaller offices and facilities in the United States, United Kingdom, Canada, Europe and other parts of the world.

In addition to the foregoing distribution facilities operated by us, we also utilize bonded public warehouses from which deliveries are made to customers.

For further information regarding our lease obligations, see Note 17, *Commitments and Contingencies*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K. For further information regarding the use of our properties by segments, see Item 1, “Business - Production” of this Form 10-K.

Item 3. Legal Proceedings

Securities Class Actions Filed in Federal Court

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

press releases and SEC filings regarding the Company's business, prospects, financial results and internal controls. Defendants filed a motion to dismiss the Second Amended Complaint on June 20, 2019. Co-Lead Plaintiffs filed an opposition on August 5, 2019, and Defendants have until September 3, 2019 to submit a reply.

Stockholder Derivative Complaints Filed in State Court

On September 16, 2016, a stockholder derivative complaint, *Paperny v. Heyer, et al.* (the "Paperny Complaint"), was filed in New York State Supreme Court in Nassau County against the Board of Directors and certain officers of the Company alleging breach of fiduciary duty, unjust enrichment, lack of oversight and corporate waste. On December 2, 2016 and December 29, 2016, two additional stockholder derivative complaints were filed in New York State Supreme Court in Nassau County against the Board of Directors and certain officers under the captions *Scarola v. Simon* (the "Scarola Complaint") and *Shakir v. Simon* (the "Shakir Complaint" and, together with the Paperny Complaint and the Scarola Complaint, the "Derivative Complaints"), respectively. Both the Scarola Complaint and the Shakir Complaint alleged breach of fiduciary duty, lack of oversight and unjust enrichment. On February 16, 2017, the parties for the Derivative Complaints entered into a stipulation consolidating the matters under the caption *In re The Hain Celestial Group* (the "Consolidated Derivative Action") in New York State Supreme Court in Nassau County, ordering the Shakir Complaint as the operative complaint. On November 2, 2017, the parties agreed to stay the Consolidated Derivative Action. Co-Lead Plaintiffs requested leave to file an amended consolidated complaint, and on January 14, 2019, the Court partially lifted the stay, ordering Co-Lead Plaintiffs to file their amended complaint by March 7, 2019. Co-Lead Plaintiffs filed a Verified Amended Shareholder Derivative Complaint on March 7, 2019. The Court continued the stay pending a decision on Defendants' motion to dismiss in the Consolidated Securities Action (referenced above). After the Court in the Consolidated Securities Action dismissed the Amended Complaint, the Court in the Consolidated Derivative Action ordered Co-Lead Plaintiffs to file a second amended complaint no later than July 8, 2019. Co-Lead Plaintiffs filed a Verified Second Amended Shareholder Derivative Complaint on July 8, 2019 (the "Second Amended Derivative Complaint"). Defendants moved to dismiss the Second Amended Derivative Complaint on August 7, 2019. Co-Lead Plaintiffs must file any opposition to Defendants' motion to dismiss by September 6, 2019, and Defendants have until September 20, 2019 to submit a reply.

Additional Stockholder Class Action and Derivative Complaints Filed in Federal Court

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

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

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

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

Other

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Outstanding shares of our common stock, par value $.01 per share, are listed on the Nasdaq Global Select Market under the ticker symbol "HAIN".

Holders

As of August 22, 2019, there were 251 holders of record of our common stock.

Dividends

We have not paid any cash dividends on our common stock to date. The payment of all dividends will be at the discretion of our Board of Directors and will depend on, among other things, future earnings, operations, capital requirements, contractual restrictions, including restrictions under our credit facility, our general financial condition and general business conditions.

Issuance of Unregistered Securities

None.

Issuer Purchases of Equity Securities

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

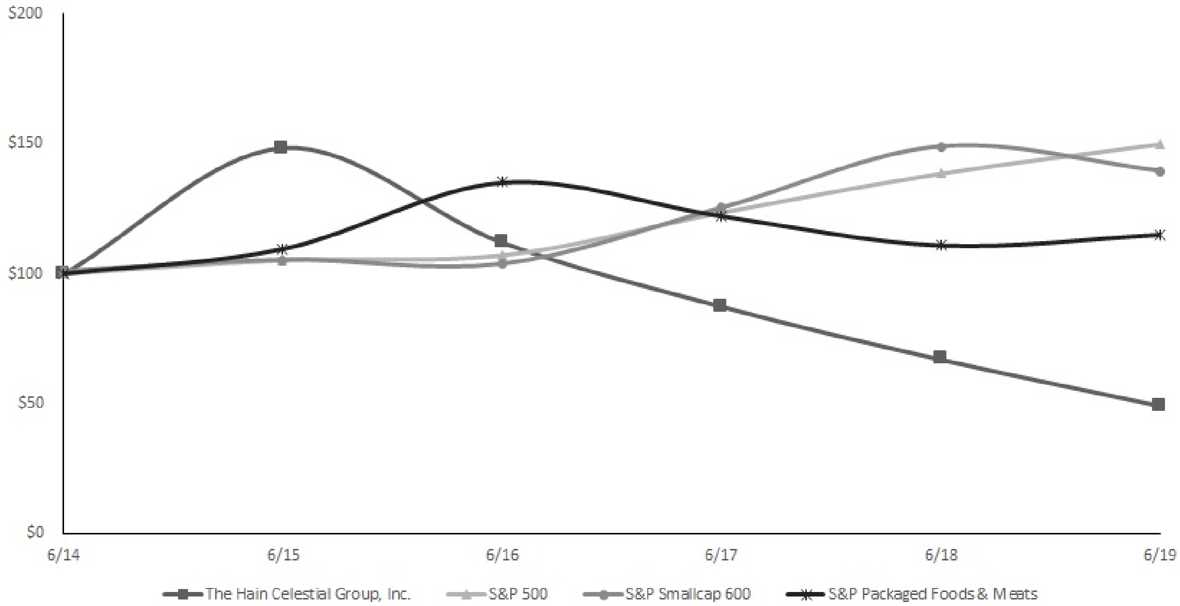
Period	(a) Total number of shares purchased (1)	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans	(d) Maximum number of shares that may yet be purchased under the plans (in millions) (2)
April 1, 2019 - April 30, 2019	8,374	$ 21.99	—	$ 250
May 1, 2019 - May 31, 2019	—	—	—	250
June 1, 2019 - June 30, 2019	13,204	20.97	—	250
Total	21,578	$ 21.36	—	

(1) Shares surrendered for payment of employee payroll taxes due on shares issued under stockholder approved stock-based compensation plans.

(2) On June 21, 2017, the Company's Board of Directors authorized the repurchase of up to $250 million of the Company's issued and outstanding common stock. Repurchases may be made from time to time in the open market, pursuant to pre-set trading plans, in private transactions or otherwise. The authorization does not have a stated expiration date. The Company did not repurchase any shares under this program in fiscal 2019, 2018 or 2017.

Stock Performance Graph

The following graph compares the performance of our common stock to the S&P 500 Index, the S&P Smallcap 600 Index and the S&P Packaged Foods & Meats Index (in which we are included) for the period from June 30, 2014 through June 30, 2019.



*$100 invested on 6/30/14 in stock or index, including reinvestment of dividends
Fiscal year ending June 30.

Item 6. Selected Financial Data

The following information has been summarized from our financial statements. The information set forth below is not necessarily indicative of results of future operations and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the consolidated financial statements and related notes thereto included in Item 8 of this Form 10-K to fully understand factors that may affect the comparability of the information presented below, including the completion of several business combinations in recent years. Refer to Note 6, *Acquisitions*, in the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for additional information. Amounts are presented in thousands except per share amounts.

	Fiscal Year Ended June 30,				
	2019	**2018**	**2017**	**2016**	**2015**
Operating results:					
Net sales	$ 2,302,468	$ 2,457,769	$ 2,343,505	$ 2,392,864	$ 2,272,416
Net (loss) income from continuing operations[a]	$ (49,945)	$ 82,428	$ 65,541	$ 27,571	$ 147,750
Net (loss) income from discontinued operations, net of tax[b]	$ (133,369)	$ (72,734)	$ 1,889	$ 19,858	$ 17,212
Net (loss) income[a] [b]	$ (183,314)	$ 9,694	$ 67,430	$ 47,429	$ 164,962
Basic (loss) net income per common share:					
From continuing operations	$ (0.48)	$ 0.79	$ 0.63	$ 0.27	$ 1.45
From discontinued operations	(1.28)	(0.70)	0.02	0.19	0.17
Net (loss) income per common share - basic	$ (1.76)	$ 0.09	$ 0.65	$ 0.46	$ 1.62
Diluted net (loss) income per common share:					
From continuing operations	$ (0.48)	$ 0.79	$ 0.63	$ 0.26	$ 1.43
From discontinued operations	(1.28)	(0.70)	0.02	0.19	0.17
Net income per common share - diluted*	$ (1.76)	$ 0.09	$ 0.65	$ 0.46	$ 1.60
Financial position:					
Working capital[c]	$ 318,630	$ 629,142	$ 534,287	$ 543,206	$ 537,440
Total assets[c]	$ 2,582,620	$ 2,946,674	$ 2,931,104	$ 3,008,080	$ 3,099,408
Long-term debt, less current portion	$ 613,537	$ 687,501	$ 740,135	$ 835,787	$ 812,088
Stockholders' equity	$ 1,519,319	$ 1,737,049	$ 1,712,832	$ 1,664,514	$ 1,727,667

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

(a) Loss from continuing operations and net loss for fiscal 2019 included Chief Executive Officer Succession Plan expense, net, of $30.2 million, an impairment charge of $17.9 million related to certain of the Company's trade names, impairments of long-lived assets of $15.8 million associated primarily with facilities closures in the United Kingdom and write downs of the value of certain machinery and equipment in the United States no longer in use, some of which was used to manufacture certain slow moving SKUs that were discontinued, and $4.3 million of accounting review costs, net of insurance proceeds. Income from continuing operations and net income for fiscal 2018 included a goodwill impairment charge of $7.7 million in our Hain Ventures operating segment, an impairment charge of $8.4 million which related to long-lived assets associated with the closure of manufacturing facilities in the United States and United Kingdom and discontinuation of certain slow moving SKUs in the United States segment, an impairment charge of $5.6 million related to certain of the Company's trade names and $9.3 million of accounting review costs. Income from continuing operations and net income for fiscal 2017 included an impairment charge of $26.4 million related primarily to long-lived assets associated with the exit of certain portions of our own-label chilled desserts business in the United Kingdom segment and an impairment charge of $14.1 million related to certain of the Company's trade names. Additionally, income from continuing operations and net income for fiscal 2017 were impacted by $29.6 million of accounting review costs. Income from continuing operations and net income for fiscal 2016 included a goodwill impairment charge of $84.5 million and an impairment charge of $39.7 million related to certain of the Company's trade names. See Note 9, *Goodwill and Other Intangible Assets*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

(b) Loss from discontinued operations and net loss for fiscal 2019 included a loss on sale of discontinued operations of $40.9 million. Additionally, fiscal 2019 and 2018 included impairment charges of $109.3 million and $78.5 million, respectively, related to assets held for sale. See Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

(c) Upon adoption of Accounting Standards Update ("ASU") 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, deferred tax assets and liabilities for fiscal year 2016 previously classified as current are presented as non-current. Fiscal year 2015 has not been adjusted.

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 should be read in conjunction with Item 1A and the Consolidated Financial Statements and the related notes thereto for the period ended June 30, 2019 included in Item 8 of this Form 10-K. Forward-looking statements in this Form 10-K are qualified by the cautionary statement included in this review under the sub-heading, "Cautionary Note Regarding Forward Looking Information," at the beginning of this Form 10-K.

Overview

The Hain Celestial Group, Inc., a Delaware corporation, was founded in 1993 and is headquartered in Lake Success, New York. The Company's mission has continued to evolve since its founding, with health and wellness being the core tenet. The Company continues to be a leading marketer, manufacturer and seller of organic and natural, "better-for-you" products by anticipating and exceeding consumer expectations in providing quality, innovation, value and convenience. The Company is committed to growing sustainably while continuing to implement environmentally sound business practices and manufacturing processes. Hain Celestial sells its products through specialty and natural food distributors, supermarkets, natural food stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 80 countries worldwide.

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

Historically, the Company divided its business into core platforms, which are defined by common consumer need, route-to-market or internal advantage and are aligned with the Company's strategic roadmap to continue its leadership position in the organic and natural, "better-for-you" products industry. Those core platforms within our United States segment are:

- *Better-for-You Baby*, which includes infant foods, infant and toddler formula, toddler and kids foods and diapers that nurture and care for babies and toddlers, under the Earth's Best® and Ella's Kitchen® brands.
- *Better-for-You Pantry*, which includes core consumer staples, such as MaraNatha®, Arrowhead Mills®, Imagine® and Spectrum® brands.
- *Better-for-You Snacking*, which includes wholesome products for in-between meals, such as Terra®, Sensible Portions® and Garden of Eatin'® brands.
- *Fresh Living*, which includes yogurt, plant-based proteins and other refrigerated products, such as The Greek Gods® yogurt and Dream™ plant-based beverage brands.
- *Pure Personal Care*, which includes personal care products focused on providing consumers with cleaner and gentler ingredients, such as JASON®, Live Clean®, Avalon Organics® and Alba Botanica® brands.
- *Tea*, which includes tea products marketed under the Celestial Seasonings® brand.

Additionally, beginning in fiscal 2017, the Company launched Hain Ventures (formerly known as "Cultivate Ventures"), a venture unit with a twofold purpose: (i) to strategically invest in the Company's smaller brands in high potential categories, by giving these brands a dedicated, creative focus for refresh and relaunch and (ii) to incubate and grow small acquisitions until they reach the scale required to migrate to the Company's core platforms.

During fiscal 2019, the Company refined its strategy within the United States segment, focusing on simplifying the Company's portfolio and reinvigorating profitable sales growth through discontinuing uneconomic investment, realigning resources to coincide with individual brand role, reducing unproductive stock-keeping units ("SKUs") and brands, and reassessing current pricing architecture. As part of this initiative, the Company reviewed its product portfolio and divided it into "Get Bigger" and "Get Better" brand categories.

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

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

As part of the Company's overall strategy, the Company may seek to dispose of businesses and brands that are less profitable or are otherwise less of a strategic fit within our core portfolio. Accordingly, the Company divested of all of its operations of the Hain Pure Protein reportable segment (discussed further below) and WestSoy® tofu, seitan and tempeh businesses in the United States. Additionally, on August 27, 2019, the Company sold the entities comprising its Tilda operating segment and certain other assets of the Tilda business. See Note 21, *Subsequent Event* in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for further discussion.

Productivity and Transformation

As part of the Company's historical strategic review, it focused on a productivity initiative, which it called "Project Terra." A key component of this project was the identification of global cost savings, and the removal of complexity from the business. This review has included and continues to include streamlining the Company's manufacturing plants, co-packers and supply chain, eliminating served categories or brands within those categories, and product rationalization initiatives which are aimed at eliminating slow moving SKUs.

In fiscal 2019, the Company announced a new transformation initiative, of which one aspect is to identify additional areas of productivity savings to support sustainable profitable performance.

Discontinued Operations

In March 2018, the Company's Board of Directors approved a plan to sell all of the operations of the Hain Pure Protein Corporation ("HPPC") and EK Holdings, Inc. ("Empire Kosher" or "Empire") operating segments, which were reported in the aggregate as the Hain Pure Protein reportable segment. These dispositions were undertaken to reduce complexity in the Company's operations and simplify the Company's brand portfolio, in addition to allowing additional flexibility to focus on opportunities for growth and innovation in the Company's more profitable and faster growing core businesses.

Collectively, these dispositions represented a strategic shift that had a major impact on the Company's operations and financial results and have been accounted for as discontinued operations.

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business (a component of HPPC).

On June 28, 2019, the Company completed the sale of the remainder of HPPC and EK Holdings, Inc. which includes the FreeBird and Empire Kosher businesses.

See Note 5, *Discontinued Operations*,in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information.

Chief Executive Officer Succession Plan

On June 24, 2018, the Company entered into a Chief Executive Officer ("CEO") succession plan, whereby the Company's former CEO, Irwin D. Simon, agreed to terminate his employment with the Company upon the hiring of a new CEO. On October 26, 2018, the Company's Board of Directors appointed Mark L. Schiller as President and CEO, succeeding Mr. Simon. In connection with the appointment, on October 26, 2018, the Company and Mr. Schiller entered into an employment agreement, which was approved by the Board, with Mr. Schiller's employment commencing on November 5, 2018. Accordingly, Mr. Simon's employment with the Company terminated on November 4, 2018. See Note 3, *Chief Executive Officer Succession Plan*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information.

Results of Operations

Comparison of Fiscal Year ended June 30, 2019 to Fiscal Year ended June 30, 2018

Consolidated Results

The following table compares our results of operations, including as a percentage of net sales, on a consolidated basis, for the fiscal years ended June 30, 2019 and 2018 (amounts in thousands, other than percentages which may not add due to rounding):

	Fiscal Year Ended June 30,				Change in	
	2019		2018		Dollars	Percentage
Net sales	$ 2,302,468	100.0 %	$ 2,457,769	100.0 %	$ (155,301)	(6.3)%
Cost of sales	1,857,255	80.7 %	1,942,321	79.0 %	(85,066)	(4.4)%
Gross profit	445,213	19.3 %	515,448	21.0 %	(70,235)	(13.6)%
Selling, general and administrative expenses	340,949	14.8 %	341,634	13.9 %	(685)	(0.2)%
Amortization of acquired intangibles	15,294	0.7 %	18,202	0.7 %	(2,908)	(16.0)%
Project Terra costs and other	40,107	1.7 %	18,026	0.7 %	22,081	122.5 %
Chief Executive Officer Succession Plan expense, net	30,156	1.3 %	520	— %	29,636	*
Proceeds from insurance claims	(4,460)	(0.2)%	—	— %	(4,460)	*
Accounting review and remediation costs, net of insurance proceeds	4,334	0.2 %	9,293	0.4 %	(4,959)	(53.4)%
Goodwill impairment	—	— %	7,700	0.3 %	(7,700)	*
Long-lived asset and intangibles impairment	33,719	1.5 %	14,033	0.6 %	19,686	140.3 %
Operating (loss) income	(14,886)	(0.6)%	106,040	4.3 %	(120,926)	(114.0)%
Interest and other financing expense, net	36,078	1.6 %	26,925	1.1 %	9,153	34.0 %
Other expense/(income), net	1,023	— %	(2,087)	(0.1)%	3,110	(149.0)%
(Loss) income from continuing operations before income taxes and equity in net loss (income) of equity-method investees	(51,987)	(2.3)%	81,202	3.3 %	(133,189)	(164.0)%
Benefit for income taxes	(2,697)	(0.1)%	(887)	— %	(1,810)	204.1 %
Equity in net loss (income) of equity-method investees	655	— %	(339)	— %	994	*
Net (loss) income from continuing operations	$ (49,945)	(2.2)%	$ 82,428	3.4 %	$ (132,373)	(160.6)%
Net loss from discontinued operations, net of tax	(133,369)	(5.8)%	(72,734)	(3.0)%	(60,635)	83.4 %
Net (loss) income	$ (183,314)	(8.0)%	$ 9,694	0.4 %	$ (193,008)	*
Adjusted EBITDA	$ 191,420	8.3 %	$ 255,941	10.4 %	$ (64,521)	(25.2)%

* Percentage is not meaningful

Net Sales

Net sales in fiscal 2019 were $2.30 billion, a decrease of $155.3 million, or 6.3%, from net sales of $2.46 billion in fiscal 2018. Foreign currency exchange rates negatively impacted net sales by $52.6 million as compared to the prior year. On a constant currency basis, net sales decreased approximately 4.2% from the prior year. Net sales decreased across all three of our reportable segments. Further details of changes in net sales by segment are provided below.

Gross Profit

Gross profit in fiscal 2019 was $445.2 million, a decrease of $70.2 million, or 13.6%, from gross profit of $515.4 million in fiscal 2018. Gross profit margin was 19.3%, a decrease of 170 basis points from the prior year. Gross profit was unfavorably impacted by an inventory write-down of $12.4 million in connection with the discontinuance of slow moving SKUs primarily in the United States as part of a product rationalization initiative, higher trade and promotional investments and increased freight and commodity costs primarily in the United States segment. These increased costs were partially offset by Project Terra cost savings.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $340.9 million, a decrease of $0.7 million, or 0.2%, in fiscal 2019 from $341.6 million in fiscal 2018. Selling, general and administrative expenses decreased primarily due to lower marketing investment costs in the United States, the reversal of previously accrued amounts under the net sales portion of the 2016-2018 and 2017-2019 LTIPs and the reversal of previously recognized stock-based compensation expense associated with the relative TSR portion of the 2017-2019 LTIP due to specified performance metrics not being attained. See Note 14, *Stock-based Compensation and Incentive Performance Plans*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K for further discussion on the aforementioned reversals under the Company's LTIPs. This decrease was offset in part by increased consulting costs in the United States, as well as increased variable compensation costs. Selling, general and administrative expenses as a percentage of net sales was 14.8% in fiscal 2019 and 13.9% in the prior year, an increase of 90 basis points, primarily attributable to the aforementioned items.

Amortization of Acquired Intangibles

Amortization of acquired intangibles was $15.3 million in fiscal 2019, a decrease of $2.9 million, or 16.0%, from $18.2 million in fiscal 2018. The decrease was due to finite-lived intangibles from certain historical acquisitions becoming fully amortized subsequent to June 30, 2018.

Project Terra Costs and Other

Project Terra costs and other was $40.1 million in fiscal 2019, an increase of $22.1 million from $18.0 million in fiscal 2018. The increase was primarily due to increased consulting fees incurred in connection with the Company's Project Terra strategic review as well as increased severance costs in fiscal 2019 as compared to the prior year period.

Chief Executive Officer Succession Plan Expense, net

On June 24, 2018, the Company entered into a Chief Executive Officer succession plan, whereby the Company's former CEO, Irwin D. Simon, agreed to terminate his employment with the Company upon the hiring of a new CEO. Net costs and expenses associated with the Company's Chief Executive Officer succession plan were $30.2 million in fiscal 2019 compared to $0.5 million in fiscal 2018. See Note 3, *Chief Executive Officer Succession Plan*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Proceeds from Insurance Claims

In July of 2019, the Company received $7.0 million as partial payment from an insurance claim relating to business disruption costs associated with a co-packer. Of this amount $4.5 million was recognized in fiscal 2019 as it relates to reimbursement of costs already incurred. The Company will record an additional $2.6 million in the first quarter of fiscal 2020.

Accounting Review and Remediation Costs, net of Insurance Proceeds

Costs and expenses associated with the internal accounting review, remediation and other related matters were $4.3 million in fiscal 2019, compared to $9.3 million in fiscal 2018. Included in accounting review and remediation costs for fiscal 2019 and 2018 were insurance proceeds of $0.2 million and $5.7 million, respectively, related to the reimbursement of costs incurred as part of the internal accounting review and the independent review by the Audit Committee and other related matters.

Goodwill Impairment

In fiscal 2018, the Company recorded a goodwill impairment charge of $7.7 million related to our Hain Ventures reporting unit within the Rest of World segment. There were no goodwill impairment charges recorded during fiscal 2019. See Note 9, *Goodwill and Other Intangible Assets*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Long-lived Asset and Intangibles Impairment

During fiscal 2019, the Company recorded a pre-tax impairment charge of $17.9 million ($11.3 million related to the United States segment, $3.8 million related to the Rest of World segment and $2.8 million related to the United Kingdom segment) related to certain tradenames of the Company. See Note 9, *Goodwill and Other Intangible Assets*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K. Additionally, the Company recorded $8.7 million of non-cash impairment charges primarily related to the Company's decision to consolidate manufacturing of certain fruit-based products in the United Kingdom. Moreover, the Company recorded a $9.7 million non-cash impairment charge to write down the value of certain machinery and equipment no longer in use in the United States and United Kingdom, some of which was used to manufacture certain slow moving SKUs that were discontinued.

During fiscal 2018, the Company determined that it was more likely than not that certain fixed assets at three of its manufacturing facilities would be sold or otherwise disposed of before the end of their estimated useful lives due to the Company's decision to utilize third-party manufacturers for two facilities in the United States and to the closure of one facility to consolidate manufacturing of certain soup products in the United Kingdom. As such, the Company recorded a $6.3 million non-cash impairment charge primarily related to the closures of these facilities. Additionally, the Company discontinued additional slow moving SKUs in the United States as part of a product rationalization initiative. As a result, expected future cash flows are not expected to support the carrying value of certain machinery and equipment used to manufacture these products. As such, the Company recorded a $2.1 million non-cash impairment charge to write down the value of these assets to fair value. Also, during fiscal 2018, the Company recorded a pre-tax impairment charge of $5.6 million ($5.1 million related to the Rest of World segment and $0.5 million related to the United Kingdom segment) related to certain trade names of the Company.

Operating (Loss) Income

Operating loss in fiscal 2019 was $14.9 million compared to operating income of $106.0 million in fiscal 2018. The decrease in operating income resulted from the items described above.

Interest and Other Financing Expense, net

Interest and other financing expense, net totaled $36.1 million in fiscal 2019, an increase of $9.2 million, or 34.0%, from $26.9 million in the prior year. The increase in interest and other financing expense, net resulted primarily from higher interest expense related to our revolving credit facility as a result of higher variable interest rates. See Note 11, *Debt and Borrowings*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Other Expense/(Income), net

Other expense/(income), net totaled $1.0 million of expense in fiscal 2019, a decrease of $3.1 million from $2.1 million of income in the prior year. Included in other expense/(income), net for the fiscal year ended June 30, 2019 were net unrealized foreign currency losses, which were higher than the prior year period principally due to the effect of foreign currency movements on the remeasurement of foreign currency denominated loans.

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

Loss before income taxes and equity in the net loss of our equity-method investees for fiscal 2019 was $52.0 million compared to income of $81.2 million in fiscal 2018. The decrease was due to the items discussed above.

Benefit for Income Taxes

The provision for income taxes includes federal, foreign, state and local income taxes. Our income tax benefit from continuing operations was $2.7 million and $0.9 million for fiscal 2019 and 2018, respectively.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation pursuant to the Tax Cuts and Jobs Act (the "Tax Act"), which significantly revised the ongoing U.S. corporate income tax law by lowering the U.S. federal corporate income tax rate from 35% to 21%, implementing a territorial tax system, imposing a one-time tax on foreign unremitted earnings and setting limitations on deductibility of certain costs (e.g., interest expense and executive compensation), among other things.

Due to the complexities involved in accounting for the Tax Act, the U.S. Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") 118 required that the Company include in its financial statements a reasonable estimate of the impact of the Tax Act on earnings to the extent such reasonable estimate has been determined. Pursuant to SAB 118, the Company was allowed a

measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. During fiscal year ended June 30, 2019, the Company finalized its accounting for the income tax effects of the Tax Act and recorded an additional expense of $6.8 million related to its transition tax liability. The net increase in the transition tax was due to the finalization of the Company's earnings and profits study for the Company's foreign subsidiaries. The adjustment of the Company's provisional tax expense was recorded as a change in estimate in accordance with SAB No. 118. Despite the completion of the Company's accounting for Tax Act under SAB 118, many aspects of the law remain unclear, and the Company expects ongoing guidance to be issued at both the federal and state levels. The Company will continue to monitor and assess the impact of any new developments.

The Tax Act also includes a provision to tax GILTI of foreign subsidiaries. The FASB Staff Q&A Topic No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity can make an accounting policy election either to recognize deferred taxes for temporary differences that are expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the year the tax is incurred. The Company has elected to recognize the resulting tax on GILTI as a period expense in the period the tax is incurred. The Company has computed the impact on our effective tax rate on a discrete basis.

The effective income tax benefit rate from continuing operations was 5.2% and 1.1% of pre-tax income for the twelve months ended June 30, 2019 and 2018, respectively. The effective income tax rate from continuing operations for the twelve months ended June 30, 2019 was primarily impacted by the geographical mix of earnings, state taxes, provisions in the Tax Act including global intangible low-taxed income ("GILTI"), finalization of the transition tax liability, and limitations on the deductibility of executive compensation. The effective income tax rate was also impacted by a net increase of $9.8 million in the Company's valuation allowance primarily related to the Company's state deferred tax assets and state net operating loss carryforwards.

The effective income tax rate from continuing operations for the twelve months ended June 30, 2018 was primarily impacted by the enactment of the Tax Act on December 22, 2017. The Tax Act significantly revised the U.S. corporate income tax regime by lowering the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018, repealing the deduction for domestic production activities, imposing additional limitations on the deductibility of executive officers' compensation, implementing a territorial tax system and imposing a one-time transition tax on deemed repatriated earnings of foreign subsidiaries.

Our effective tax rate may change from period-to-period based on recurring and non-recurring factors including the geographical mix of earnings, enacted tax legislation, state and local income taxes and tax audit settlements.

See Note 12, *Income Taxes*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information.

Equity in Net Loss (Income) of Equity-Method Investees

Our equity in the net loss from our equity method investments for fiscal 2019 was $0.7 million compared to equity in net income of $0.3 million for fiscal 2018. See Note 15, *Investments and Joint Ventures*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

Net (Loss) Income from Continuing Operations

Net loss from continuing operations for fiscal 2019 was $49.9 million compared to net income of $82.4 million for fiscal 2018. Net loss per diluted share was $0.48 in fiscal 2019 compared to net income per diluted share of $0.79 in fiscal 2018. The decrease was attributable to the factors noted above.

Net Loss from Discontinued Operations

Net loss from discontinued operations for fiscal 2019 and 2018 was $133.4 million and $72.7 million, respectively, or $1.28 and $0.70 per diluted share, respectively. The increase in net loss from discontinued operations was primarily attributable to asset impairment charges of $109.3 million and losses on sale in connection with the disposition of the Plainville Farms and HPPC businesses of $40.2 million and $0.6 million, respectively, in each case recorded in fiscal 2019 and discussed in Note 5, *Discontinued Operations*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

Net (Loss) Income

Net loss for fiscal 2019 was $183.3 million compared to net income of $9.7 million for fiscal 2018. Net loss per diluted share was $1.76 in fiscal 2019 compared to net income per diluted share of $0.09 in 2018. The change was attributable to the factors noted above.

Adjusted EBITDA

Our consolidated Adjusted EBITDA was $191.4 million and $255.9 million for fiscal 2019 and 2018, respectively, as a result of the factors discussed above. See *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* following the discussion of our results of operations for definitions and a reconciliation of our net loss to Adjusted EBITDA.

Segment Results

The following table provides a summary of net sales and operating income (loss) by reportable segment for the fiscal years ended June 30, 2019 and 2018:

(dollars in thousands)	**United States**	**United Kingdom**	**Rest of World**	**Corporate and Other**	**Consolidated**
Fiscal 2019 net sales	$ 1,009,406	$ 885,488	$ 407,574	$ —	$ 2,302,468
Fiscal 2018 net sales	$ 1,084,871	$ 938,029	$ 434,869	$ —	$ 2,457,769
$ change	$ (75,465)	$ (52,541)	$ (27,295)	n/a	$ (155,301)
% change	(7.0)%	(5.6)%	(6.3)%	n/a	(6.3)%
Fiscal 2019 operating income (loss)	$ 23,864	$ 52,413	$ 32,820	$ (123,983)	$ (14,886)
Fiscal 2018 operating income (loss)	$ 86,319	$ 56,046	$ 38,660	$ (74,985)	$ 106,040
$ change	$ (62,455)	$ (3,633)	$ (5,840)	$ (48,998)	$ (120,926)
% change	(72.4)%	(6.5)%	(15.1)%	(65.3)%	(114.0)%
Fiscal 2019 operating income (loss) margin	2.4 %	5.9 %	8.1 %	n/a	(0.6)%
Fiscal 2018 operating income margin	8.0 %	6.0 %	8.9 %	n/a	4.3 %

United States

Our net sales in the United States in fiscal 2019 were $1.01 billion, a decrease of $75.5 million, or 7.0%, from net sales of $1.08 billion in fiscal 2018. The decrease in net sales was primarily driven by declines in our Pantry, Better-For-You-Baby, Fresh Living and Personal Care platforms. In addition, the declines were also driven by the strategic decision to no longer support certain lower margin SKUs in order to reduce complexity and increase gross margins. Operating income in the United States in fiscal 2019 was $23.9 million, a decrease of $62.5 million, or 72.4%, from $86.3 million in fiscal 2018. The decrease in operating income was the result of the aforementioned decrease in net sales, higher trade investments to drive future period growth, increased freight and logistics costs, start-up costs incurred in connection with a new manufacturing facility, inventory write-downs of $8.3 million in connection with the discontinuance of slow moving SKUs as part of a product rationalization initiative and a $6.5 million non-cash impairment charge to write down the value of certain machinery and equipment no longer in use in fiscal 2019, offset in part by Project Terra cost savings.

United Kingdom

Our net sales in the United Kingdom in fiscal 2019 were $885.5 million, a decrease of $52.5 million, or 5.6%, from net sales of $938.0 million in fiscal 2018. On a constant currency basis, net sales decreased 1.8% from the prior year. The net sales decrease on a constant currency basis was primarily due to declines from the New Covent Garden Soup Co.® and Johnson's Juice Co.™ brands and private label sales, offset in part by growth in the Company's Tilda and Ella's Kitchen businesses and growth in our Hartley's® brand. Operating income in the United Kingdom segment for fiscal 2019 was $52.4 million, a decrease of $3.6 million, or 6.5%, from $56.0 million in fiscal 2018. The decrease in operating income was primarily due to the aforementioned decrease in sales and a $8.7 million non-cash impairment charge associated with the consolidation of manufacturing of certain fruit-based products in fiscal 2019, partially offset by operating efficiencies achieved at Hain Daniels driven by Project Terra.

Rest of World

Our net sales in Rest of World were $407.6 million in fiscal 2019, a decrease of $27.3 million, or 6.3%, from net sales of $434.9 million in fiscal 2018. On a constant currency basis, net sales decreased 2.5% from the prior year. The decrease in net sales on a constant currency basis was primarily due to declines in Canada from the Company's Europe's Best® and Dream® brands and private label sales, partially offset by growth in our Yves Veggie Cuisine®, Sensible Portions® and Live Clean® brands. Hain Ventures (formerly known as Cultivate Ventures) net sales decreased from the prior year, primarily driven by declines from the Blueprint®, SunSpire® and DeBoles® brands, offset in part by growth from the GG UniqueFiber™ brand. Declines in Canada and Hain Ventures were offset by growth in Hain Europe primarily driven by increased sales from the Joya® and Natumi® brands and private label sales, partially offset by declines from the Danival®, Lima® and Dream® brands. Operating income in Rest of World for fiscal 2019 was $32.8 million, a decrease of $5.8 million, or 15.1%, from $38.7 million in fiscal 2018. The decrease in operating income was primarily due to the aforementioned decrease in sales, charges related to SKU rationalizations across all operating segments in Rest of World, start-up costs incurred in connection with a new manufacturing facility in Canada and costs associated with the planned closure of a manufacturing facility in the United States due to the Company's decision to utilize a third-party manufacturer.

Corporate and Other

Our Corporate and Other category consists of expenses related to the Company's centralized administrative functions, which do not specifically relate to an operating segment. Corporate and Other expenses are comprised mainly of the compensation and related expenses of certain of the Company's senior executive officers and other employees who perform duties related to our entire enterprise, as well as expenses for certain professional fees, facilities, and other items which benefit the Company as a whole. Additionally, Chief Executive Officer Succession Plan expense, net, Project Terra costs and other and accounting review and remediation costs, net are included in Corporate and Other and were $30.2 million, $28.4 million and $4.3 million, respectively, for the fiscal year ended June 30, 2019. Corporate and Other for the fiscal year ended June 30, 2019 also includes trade name impairment charges of $17.9 million and a benefit of $4.5 million recorded in connection with proceeds received for an insurance claim. Corporate and Other for the fiscal year ended June 30, 2018 included Project Terra costs and other and accounting review and remediation costs of $10.1 million and $9.3 million (net of $5.7 million of insurance proceeds), respectively. Corporate and Other also included impairment charges of $13.3 million for the fiscal year ended June 30, 2018.

Refer to Note 19, *Segment Information*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional details.

Comparison of Fiscal Year ended June 30, 2018 to Fiscal Year ended June 30, 2017

Consolidated Results

The following table compares our results of operations, including as a percentage of net sales, on a consolidated basis, for the fiscal years ended June 30, 2018 and 2017 (amounts in thousands, other than percentages which may not add due to rounding):

	Fiscal Year Ended June 30,				Change in	
	2018		2017		Dollars	Percentage
Net sales	$ 2,457,769	100.0 %	$ 2,343,505	100.0 %	$ 114,264	4.9 %
Cost of sales	1,942,321	79.0 %	1,824,109	77.8 %	118,212	6.5 %
Gross profit	515,448	21.0 %	519,396	22.2 %	(3,948)	(0.8)%
Selling, general and administrative expenses	341,634	13.9 %	312,583	13.3 %	29,051	9.3 %
Amortization of acquired intangibles	18,202	0.7 %	16,988	0.7 %	1,214	7.1 %
Project Terra costs and other	18,026	0.7 %	10,388	0.4 %	7,638	73.5 %
Chief Executive Officer Succession Plan expense, net	520	— %	—	— %	520	— %
Accounting review and remediation costs, net of insurance proceeds	9,293	0.4 %	29,562	1.3 %	(20,269)	(68.6)%
Goodwill impairment	7,700	0.3 %	—	— %	7,700	— %
Long-lived asset and intangibles impairment	14,033	0.6 %	40,452	1.7 %	(26,419)	(65.3)%
Operating income	106,040	4.3 %	109,423	4.7 %	(3,383)	(3.1)%
Interest and other financing expense, net	26,925	1.1 %	21,115	0.9 %	5,810	27.5 %
Other (income)/expense, net	(2,087)	(0.1)%	430	— %	(2,517)	*
Income from continuing operations before income taxes and equity in net income of equity-method investees	81,202	3.3 %	87,878	3.7 %	(6,676)	(7.6)%
(Benefit) provision for income taxes	(887)	— %	22,466	1.0 %	(23,353)	(103.9)%
Equity in net income of equity-method investees	(339)	— %	(129)	— %	(210)	162.8 %
Net income from continuing operations	$ 82,428	3.4 %	$ 65,541	2.8 %	$ 16,887	25.8 %
Net (loss) income from discontinued operations, net of tax	(72,734)	(3.0)%	1,889	0.1 %	(74,623)	*
Net income	$ 9,694	0.4 %	$ 67,430	2.9 %	$ (57,736)	(85.6)%
Adjusted EBITDA	$ 255,941	10.4 %	$ 264,956	11.3 %	$ (9,015)	(3.4)%

* Percentage is not meaningful

Net Sales

Net sales in fiscal 2018 were $2.46 billion, an increase of $114.3 million, or 4.9%, from net sales of $2.34 billion in fiscal 2017. Foreign currency exchange rates positively impacted net sales by $80.0 million as compared to the prior year. On a constant currency basis, net sales increased approximately 1.5% from the prior year period. The increase in net sales was due to sales growth in the United Kingdom, Europe and Canada businesses, partially offset by a decrease in net sales in the United States segment. Further details of changes in net sales by segment are provided below.

Gross Profit

Gross profit in fiscal 2018 was $515.4 million, a decrease of $3.9 million, or 0.8%, from gross profit of $519.4 million in fiscal 2017. Foreign currency exchange rates positively impacted gross margin by $15.9 million as compared to the prior year. Gross profit margin was 21.0%, a decrease of 120 basis points from the prior year. Gross profit was unfavorably impacted by decreased gross profit in the United States due to increased commodity and freight and logistics costs, increased trade investment and costs associated with the aforementioned SKU rationalization and higher commodity costs in the United Kingdom. These increased

costs were partially offset by Project Terra cost savings and higher profit achieved on higher net sales in the United Kingdom and the Rest of World segments.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $341.6 million, an increase of $29.1 million, or 9.3%, in fiscal 2018 from $312.6 million in fiscal 2017. Selling, general and administrative expenses increased principally due to higher marketing investment primarily in the United States and personnel costs. Selling, general and administrative expenses as a percentage of net sales was 13.9% in fiscal 2018 and 13.3% in the prior year, an increase of 60 basis points, primarily attributable to the aforementioned items.

Amortization of Acquired Intangibles

Amortization of acquired intangibles was $18.2 million in fiscal 2018, an increase of $1.2 million, or 7.1%, from $17.0 million in fiscal 2017. The increase in amortization expense was primarily due to the intangibles acquired as a result of the Company's recent acquisitions and the impact of foreign exchange rates. See Note 9, *Goodwill and Other Intangible Assets*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Project Terra Costs and Other

We incurred Project Terra costs and other of $18.0 million in fiscal 2018, an increase of $7.6 million from $10.4 million in fiscal 2017. The increase was primarily due to increased severance costs in the current year period as compared to the prior year period related to the closures of two of the Company's manufacturing facilities in the United States and one manufacturing facility in the United Kingdom and consulting fees incurred in connection with the Company's Project Terra strategic review.

Chief Executive Officer Succession Plan Expense, net

Net costs and expenses associated with the Company's Chief Executive Officer Succession Plan were $0.5 million in fiscal 2018. There were no such costs incurred in fiscal 2017. See Note 3, *Chief Executive Officer Succession Plan*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Accounting Review and Remediation Costs, Net of Insurance Proceeds

Costs and expenses associated with the internal accounting review, remediation and other related matters were $15.0 million in fiscal 2018, compared to $29.6 million in fiscal 2017. Also, included in accounting review and remediation costs for fiscal 2018 were insurance proceeds of $5.7 million related to the reimbursement of costs incurred as part of the internal accounting review and the independent review by the Audit Committee of the Company and other related matters. The net amount of accounting review and remediation costs for fiscal 2018 was $9.3 million.

Goodwill Impairment

During the fourth quarter of fiscal 2018, we recorded a goodwill impairment charge of $7.7 million related to our Hain Ventures reporting unit within the Rest of World segment. There were no goodwill impairment charges recorded during fiscal 2017. See Note 9, *Goodwill and Other Intangible Assets*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Long-lived Asset and Intangibles Impairment

During fiscal 2018, the Company determined that it was more likely than not that certain fixed assets at three of its manufacturing facilities would be sold or otherwise disposed of before the end of their estimated useful lives due to the Company's decision to utilize third-party manufacturers for two facilities in the United States and to the closure of one facility to consolidate manufacturing of certain soup products in the United Kingdom. As such, the Company recorded a $6.3 million non-cash impairment charge primarily related to the closures of these facilities. Additionally, the Company discontinued additional slow moving SKUs in the United States as part of a product rationalization initiative. As a result, expected future cash flows are not expected to support the carrying value of certain machinery and equipment used to manufacture these products. As such, the Company recorded a $2.1 million non-cash impairment charge to write down the value of these assets to fair value. Also, during fiscal 2018, the Company recorded a pre-tax impairment charge of $5.6 million ($5.1 million related to the Rest of World segment and $0.5 million related to the United Kingdom segment) related to certain trade names of the Company.

During fiscal 2017, the Company recorded a pre-tax impairment charge of $14.1 million ($7.6 million related to the United Kingdom segment and $6.5 million related to the United States segment) related to certain trade names of the Company. Additionally, during fiscal 2017, the Company recorded long-lived asset impairment charges of $26.4 million primarily related to the decision to exit of certain portions of our own-label chilled desserts business in the United Kingdom. See Note 9, *Goodwill and Other Intangible Assets*, and Note 8, *Property, Plant and Equipment* in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Operating Income

Operating income in fiscal 2018 was $106.0 million, a decrease of $3.4 million, or 3.1%, from $109.4 million in fiscal 2017. Operating income as a percentage of net sales was 4.3% in fiscal 2018 compared with 4.7% in fiscal 2017. The decrease in operating income as a percentage of net sales resulted from the items described above.

Interest and Other Financing Expense, net

Interest and other financing expense, net totaled $26.9 million in fiscal 2018, an increase of $5.8 million, or 27.5%, from $21.1 million in the prior year. The increase in interest and other financing expense, net resulted primarily from higher interest expense related to our revolving credit facility as a result of higher variable interest rates on outstanding debt. See Note 11, *Debt and Borrowings*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Other (Income)/Expense, net

Other (income)/expense, net totaled $2.1 million of income in fiscal 2018, an increase of $2.5 million from $0.4 million of expense in the prior year. Included in other (income)/expense, net were net unrealized and realized foreign currency gains, which were higher in the current period than the prior year period principally due to the effect of foreign currency movements on the remeasurement of foreign currency denominated intercompany loans.

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

Income before income taxes and equity in the net income of our equity-method investees for fiscal 2018 and 2017 was $81.2 million and $87.9 million, respectively. The decrease was due to the items discussed above.

Income Taxes

The provision for income taxes includes federal, foreign, state and local income taxes. Our income tax benefit from continuing operations was $0.9 million for the fiscal 2018 compared to $22.5 million of tax expense in fiscal 2017.

Our effective income tax rate from continuing operations was (1.1)% and 25.6% of pre-tax income for the twelve months ended June 30, 2018 and 2017, respectively. The effective income tax rate from continuing operations for the twelve months ended June 30, 2018 was primarily impacted by the enactment of the Tax Act on December 22, 2017. The Tax Act significantly revised the U.S. corporate income tax regime by lowering the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018, repealing the deduction for domestic production activities, imposing additional limitations on the deductibility of executive officers' compensation, implementing a territorial tax system and imposing a one-time transition tax on deemed repatriated earnings of foreign subsidiaries. As the Company has a June 30 fiscal year-end, the lower corporate income tax rate will be phased in, resulting in a U.S. federal statutory rate of approximately 28.1% for fiscal 2018 and a 21% U.S. federal statutory rate for subsequent fiscal years.

Due to the complexities involved in accounting for the Tax Act, the U.S. Securities and Exchange Commission's SAB 118 requires that the Company include in its financial statements a reasonable estimate of the impact of the Tax Act on earnings to the extent such reasonable estimate has been determined. Accordingly, the Company recorded the following reasonable estimates of the tax impact in its earnings for the fiscal year ended June 30, 2018.

- For the fiscal year ended June 30, 2018, the Company accrued a $25.0 million provisional tax benefit related to the net change in deferred tax liabilities stemming from the Tax Act's reduction of the U.S. federal tax rate from 35% to 21%, and disallowance of certain incentive based compensation tax deductibility under Internal Revenue Code Section 162(m).

- For the fiscal year ended June 30, 2018, the Company accrued a reasonable estimate of $7.1 million of tax expense for the Tax Act's one-time transition tax on the foreign subsidiaries' accumulated, unremitted earnings going back to 1986.

The Company has recorded the final impact on the Company from the Tax Act's transition tax legislation in fiscal 2019. See Note 12, *Income Taxes*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information.

Pursuant to SAB 118, the Company was allowed a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. The Company calculated the impact of the Tax Act and recorded any resulting tax adjustments during fiscal 2019.

The Tax Act also includes a provision to tax GILTI of foreign subsidiaries. The Company will be subject to the GILTI provisions effective beginning July 1, 2018 and is in the process of analyzing its effects, including how to account for the GILTI provision from an accounting policy standpoint.

The effective income tax rate from continuing operations for the twelve months ended June 30, 2018 was also favorably impacted by the geographical mix of earnings and a $4.0 million benefit relating to the release of the remainder of the Company's domestic uncertain tax position as a result of the expiration of the statute of limitations.

The effective income tax rate from continuing operations for the twelve months ended June 30, 2017 was favorably impacted by the geographical mix of earnings and a reduction in the statutory tax rate in the United Kingdom enacted in the first quarter of 2017, which resulted in a $1.8 million decrease to the carrying balance of net deferred tax liabilities. The effective income tax rate from continuing operations for the twelve months ended June 30, 2017 was also favorably impacted by a $4.6 million benefit relating to the release of a portion of the Company's domestic uncertain tax position as a result of the expiration of the statute of limitations.

Our effective tax rate may change from period-to-period based on recurring and non-recurring factors including the geographical mix of earnings, enacted tax legislation, state and local income taxes and tax audit settlements.

See Note 12, *Income Taxes*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information.

Equity in Net Income of Equity-Method Investees

Our equity in the net income from our equity method investments for fiscal 2018 was $0.3 million compared to a $0.1 million for fiscal 2017. See Note 15, *Investments and Joint Ventures*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K.

Net Income from Continuing Operations

Net income from continuing operations for fiscal 2018 and 2017 was $82.4 million and $65.5 million, respectively, or $0.79 and $0.63 per diluted share, respectively. The increase was attributable to the factors noted above.

Net (loss) Income from Discontinued Operations

Net (loss) income from discontinued operations for fiscal 2018 and 2017 was net loss of $72.7 million and net income of $1.9 million, respectively, or $(0.70) and $0.02 per diluted share, respectively. The net loss for fiscal 2018 was primarily attributable to impairments of assets held for sale of $78.5 million in fiscal 2018 as discussed in Note 5, Discontinued Operations, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K. In the fourth quarter of fiscal 2018, results for HPPC (which comprises the Plainville and FreeBird brands) were below our projections. The fourth quarter results, as well as negative market conditions in the sector, required the Company to reduce the internal projections for the business, which resulted in the Company lowering the projected long-term growth rate and profitability levels for HPPC. Accordingly, the updated projections indicated that the fair value of the HPPC business is below carrying value. As a result, the Company recorded asset impairments of $78.5 million, reflected in Net (loss) income from discontinued operations, net of tax in order to reduce the carrying amount of the net assets to their fair value less costs to sell. This impairment was partially offset by an increase in income tax benefit from discontinued operations from $0.6 million in fiscal 2017 to $5.7 million, which includes a $20.2 million deferred tax benefit arising from asset impairment charges and a $12.3 million deferred tax liability related to Hain Pure Protein being classified as held for sale in fiscal 2018.

Net Income

Net income for fiscal 2018 and 2017 was $9.7 million and $67.4 million, or $0.09 and $0.65 per diluted share, respectively. The change was attributable to the factors noted above.

Adjusted EBITDA

Our consolidated Adjusted EBITDA was $255.9 million and $265.0 million for fiscal 2018 and 2017, respectively, as a result of the factors discussed above. See *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* following the discussion of our results of operations for definitions and a reconciliation from our net income to Adjusted EBITDA.

Segment Results

The following table provides a summary of net sales and operating income by reportable segment for the fiscal years ended June 30, 2018 and 2017:

(dollars in thousands)	United States	United Kingdom	Rest of World	Corporate and Other	Consolidated
Fiscal 2018 net sales	$ 1,084,871	$ 938,029	$ 434,869	$ —	$ 2,457,769
Fiscal 2017 net sales	$ 1,107,806	$ 851,757	$ 383,942	$ —	$ 2,343,505
$ change	$ (22,935)	$ 86,272	$ 50,927	n/a	$ 114,264
% change	(2.1)%	10.1%	13.3%	n/a	4.9 %
Fiscal 2018 operating income (loss)	$ 86,319	$ 56,046	$ 38,660	$ (74,985)	$ 106,040
Fiscal 2017 operating income (loss)	$ 145,307	$ 51,948	$ 32,010	$ (119,842)	$ 109,423
$ change	$ (58,988)	$ 4,098	$ 6,650	$ 44,857	$ (3,383)
% change	(40.6)%	7.9%	20.8%	37.4%	(3.1)%
Fiscal 2018 operating income margin	8.0 %	6.0%	8.9%	n/a	4.3 %
Fiscal 2017 operating income margin	13.1 %	6.1%	8.3%	n/a	4.7 %

United States

Our net sales in the United States in fiscal 2018 were $1.08 billion, a decrease of $22.9 million, or 2.1%, from net sales of $1.11 billion in fiscal 2017. The decrease in net sales was driven by declines in our Better-for-You Snacking, Fresh Living and Better-for-You-Pantry platforms, partially offset by growth in our Pure Personal Care, Better-for-You Baby and Tea platforms. In addition, the declines were also driven by the strategic decision to no longer support certain lower margin SKUs in order to reduce complexity and increase gross margins as the Company continues its focus on its top 500 SKUs and 11 brands in the United States as well as increased trade investment. Net sales in the prior year period were negatively impacted by a realignment of customer inventories at certain distributor customers. Operating income in the United States in fiscal 2018 was $86.3 million, a decrease of $59.0 million, or 40.6%, from operating income of $145.3 million in fiscal 2017. The decrease in operating income was the result of lower sales, higher trade and marketing investments to drive current and future period growth, increased freight and logistics, commodity and other input costs and costs associated with the closure of two of our manufacturing facilities in the United States. These increased costs were partially offset by Project Terra cost savings in the current period. Additionally, operating income was negatively impacted in both periods by charges related to the initiation of SKU rationalizations.

United Kingdom

Our net sales in the United Kingdom in fiscal 2018 were $938.0 million, an increase of $86.3 million, or 10.1%, from net sales of $851.8 million in fiscal 2017. Foreign currency exchange rates positively impacted net sales by $54.4 million as compared to the prior year. The net sales increase on a constant currency basis was primarily due to growth from our Tilda®, Ella's Kitchen®, Hartley's®, Cully & Sully® and Linda McCartney's® brands, partially offset by lower New Covent Garden Soup Co.® sales. Also contributing to the increase in net sales was the impact of price realization, as well as the acquisitions of The Yorkshire Provender Limited and Clarks. Operating income in the United Kingdom segment for fiscal 2018 was $56.0 million, an increase of $4.1 million, or 7.9%, from $51.9 million in fiscal 2017. The increase in operating income was primarily due to the aforementioned

increase in sales, operating efficiencies achieved at Hain Daniels, Project Terra cost savings and the impact of favorable foreign currency. These increases were partially offset by higher commodity costs, marketing investments and costs associated with the planned closure of a soup manufacturing facility.

Rest of World

Our net sales in Rest of World were $434.9 million in fiscal 2018, an increase of $50.9 million, or 13.3%, from net sales of $383.9 million in fiscal 2017. Foreign currency exchange rates positively impacted net sales by $25.5 million as compared to the prior year. The increase in net sales on a constant currency basis was primarily due to increased sales volume in Europe related to both branded and private label non-dairy products, as well as increased sales in Canada driven by growth in our Tilda®, Yves Veggie Cuisine®,Sensible Portions® and Live Clean® brands, partially offset by Europe's Best® lost distribution. Operating income in Rest of World for fiscal 2018 was $38.7 million, an increase of $6.7 million, or 20.8%, from $32.0 million in fiscal 2017. The increase in operating income was primarily due to the aforementioned increase in sales as well as operating efficiencies achieved at our plant-based manufacturing facilities in Europe, Project Terra cost savings and the impact of favorable foreign currency.

Corporate and Other

Our Corporate and Other category consists of expenses related to the Company's centralized administrative functions, which do not specifically relate to an operating segment. Corporate and Other expenses are comprised mainly of the compensation and related expenses of certain of the Company's senior executive officers and other employees who perform duties related to our entire enterprise, as well as expenses for certain professional fees, facilities, and other items which benefit the Company as a whole. Additionally, Project Terra costs and other included in Corporate and Other totaled $10.1 million and $10.4 million for the fiscal years ended June 30, 2018 and 2017, respectively. The Corporate and Other category also included accounting review costs of $9.3 million (net of $5.7 million of insurance proceeds) and $29.6 million for the fiscal years ended June 30, 2018 and 2017, respectively, and impairment charges of $13.3 million and $40.5 million for the fiscal years ended June 30, 2018 and 2017, respectively.

Refer to Note 19, *Segment Information*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K for additional details.

Liquidity and Capital Resources

We finance our operations and growth primarily with the cash flows we generate from our operations and from borrowings available to us under our Credit Agreement and Amended Credit Agreement (defined below).

Our cash and cash equivalents balance decreased $67.0 million at June 30, 2019 to $39.5 million compared to $106.6 million at June 30, 2018. Our working capital was $318.6 million at June 30, 2019, a decrease of $310.5 million from $629.1 million at the end of fiscal 2018, which included current assets and current liabilities of discontinued operations of $191.0 million.

Liquidity is affected by many factors, some of which are based on normal ongoing operations of the Company's business and some of which arise from fluctuations related to global economics and markets. Our cash balances are held in the United States, United Kingdom, Canada, Europe and India. As of June 30, 2019, approximately 77.9% ($30.8 million) of the Company's total cash balance was held outside of the United States. It is our current intent to indefinitely reinvest our foreign earnings outside the United States. However, we intend to further study changes enacted by the Tax Act, costs of repatriation and the current and future cash needs of foreign operations to determine whether there is an opportunity to repatriate foreign cash balances in the future on a tax-efficient basis.

We maintain our cash and cash equivalents primarily in money market funds or their equivalent. As of June 30, 2019, all of our investments were expected to mature in less than three months. Accordingly, we do not believe that our investments have significant exposure to interest rate risk. Cash provided by (used in) operating, investing and financing activities is summarized below.

	Fiscal Year Ended June 30,		
(amounts in thousands)	**2019**	**2018**	**2017**
Cash flows provided by (used in):			
Operating activities from continuing operations	$ 49,519	$ 121,308	$ 232,695
Investing activities from continuing operations	(69,983)	(82,521)	(60,432)
Financing activities from continuing operations	(44,465)	(69,482)	(147,089)
(Decrease) increase in cash from continuing operations	(64,929)	(30,695)	25,174
Decrease in cash from discontinued operations	(6,460)	(3,477)	(2,994)
Effect of exchange rate changes on cash	(2,102)	197	(3,114)
Net (decrease) increase in cash and cash equivalents	$ (73,491)	$ (33,975)	$ 19,066

Cash provided by operating activities from continuing operations was $49.5 million for the fiscal year ended June 30, 2019, compared to $121.3 million provided by in fiscal 2018 and $232.7 million in fiscal 2017. The decrease in cash provided by operating activities in fiscal 2019 resulted primarily from a decrease of $126.9 million in net income adjusted for non-cash charges, offset by $55.1 million of cash provided by within working capital accounts, primarily related to inventory and accounts receivable. Cash provided by operating activities from continuing operations was $121.3 million for the fiscal year ended June 30, 2018, compared to $232.7 million provided in fiscal 2017. The decrease in cash provided by operating activities in fiscal 2018 resulted primarily from an additional $97.5 million of cash used within working capital accounts, primarily related to inventory and accounts receivable and a decrease of $13.9 million in net income adjusted for non-cash charges.

Cash used in investing activities from continuing operations was $70.0 million for the fiscal year ended June 30, 2019. Capital expenditures for fiscal 2019 were $77.1 million. We used cash in investing activities of $82.5 million during fiscal year ended June 30, 2018, which was principally made up of $12.4 million, net of cash acquired, in connection with our Clarks UK Limited acquisition and $70.9 million for capital expenditures for the fiscal year ended June 30, 2018. We used cash in investing activities of $60.4 million during the fiscal year ended June 30, 2017, which was principally for the acquisitions of Better Bean and Yorkshire Provender and capital expenditures.

Cash used in financing activities from continuing operations was $44.5 million for the fiscal year ended June 30, 2019. We had net debt repayments of $77.0 million funded primarily through proceeds received from the sale of HPPC and EK Holdings, Inc. Additionally, we paid $3.5 million during fiscal 2019 for stock repurchases to satisfy employee payroll tax withholdings and $36.0 million of proceeds received from operations of discontinued operations. Net cash of $69.5 million was used in financing activities for the fiscal year ended June 30, 2018. We had net debt repayments of $40.7 million funded primarily through cash flows from operations. Additionally, we paid $7.2 million during fiscal 2018 for stock repurchases to satisfy employee payroll tax withholdings and $21.6 million to fund the operations of discontinued operations. Net cash of $147.1 million was used in financing activities for the fiscal year ended June 30, 2017. We had net repayments of $110.4 million funded primarily through cash flows from operations. Additionally, we paid $8.3 million during fiscal 2017 for stock repurchases to satisfy employee payroll tax withholdings and $25.9 million to fund the operations of discontinued operations.

Operating Free Cash Flow

Our operating free cash flow was negative $27.6 million for the fiscal year ended June 30, 2019, a decrease of $78.0 million from the fiscal year ended June 30, 2018. The decrease in operating free cash flow primarily resulted from an increase in our capital expenditures of $6.2 million and a decrease in net income adjusted for non-cash items of $126.9 million, offset in part by cash provided within working capital accounts of $55.1 million. We expect that our capital spending for fiscal 2020 will be approximately $70-$80 million, and we may incur additional costs in connection with Project Terra. We refer the reader to the *Reconciliation of Non-U.S. GAAP Financial Measures to U.S. GAAP Measures* following the discussion of our results of operations for definitions and a reconciliation from our net cash provided by operating activities from continuing operations to operating free cash flow from continuing operations.

Credit Agreement

On February 6, 2018, the Company entered into the Third Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement provides for a $1.0 billion revolving credit facility through February 6, 2023 and provides for a $300.0 million term loan. Under the Credit Agreement, the revolving credit facility may be increased by an additional uncommitted $400.0 million, provided certain conditions are met. Loans under the Credit Agreement bear interest at a Base Rate or a Eurocurrency Rate (both of which are defined in the Credit Agreement) plus an applicable margin, which is determined in accordance with a leverage-based pricing grid, as set forth in the Credit Agreement. Borrowings may be used to provide working capital, finance capital expenditures and permitted acquisitions, refinance certain existing indebtedness and for other general corporate purposes.
On May 8, 2019, the Company entered into the Third Amendment to the Third Amended and Restated Credit Agreement (the "Amended Credit Agreement"), whereby, among other things, its allowable consolidated leverage ratio increased to no more than 5.0 to 1.0 from March 31, 2019 to December 31, 2019, no more than 4.75 to 1.0 at March 31, 2020, no more than 4.25 to 1.0 at June 30, 2020 and no more than 4.0 to 1.0 on September 30, 2020 and thereafter. The allowable consolidated leverage ratio for each period was decreased by 0.25 upon sale of the Company's remaining Hain Pure Protein business during the fourth quarter of fiscal 2019. Additionally, the Company's required consolidated interest coverage ratio (as defined in the Amended Credit Agreement) was reduced to no less than 3.0 to 1 through March 31, 2020, no less than 3.75 to 1 through March 31, 2021 and no less than 4.0 to 1 thereafter. The Amended Credit Agreement also required that the Company and the subsidiary guarantors enter into a Security and Pledge Agreement pursuant to which all of the obligations under Amended Credit Agreement are secured by liens on assets of the Company and its material domestic subsidiaries, including stock of each of their direct subsidiaries and intellectual property, subject to agreed upon exceptions. Additionally, the Company is now required to maintain a consolidated interest coverage ratio (as defined in the Amended Credit Agreement) of no less than 3.0 to 1 through March 31, 2020, no less than 3.75 to 1 through March 31, 2021 and no less than 4.0 to 1 thereafter. The allowable consolidated leverage ratio was decreased by 0.25 upon sale of the Company's remaining Hain Pure Protein business in the fourth quarter of fiscal 2019.

The Amended Credit Agreement provides that loans will bear interest at rates based on (a) the Eurocurrency Rate, as defined in the Amended Credit Agreement, plus a rate ranging from 0.875% to 2.50% per annum; or (b) the Base Rate, as defined in the Amended Credit Agreement, plus a rate ranging from 0.00% to 1.50% per annum, the relevant rate being the Applicable Rate. The Applicable Rate will be determined in accordance with a leverage-based pricing grid, as set forth in the Amended Credit Agreement. Swing line loans and Global Swing Line loans denominated in U.S. Dollars will bear interest at the Base Rate plus the Applicable Rate, and Global Swing Line loans denominated in foreign currencies shall bear interest based on the overnight Eurocurrency Rate for loans denominated in such currency plus the Applicable Rate. The weighted average interest rate on outstanding borrowings under the Amended Credit Agreement at June 30, 2019 was 4.20%. Additionally, the Amended Credit Agreement contains a Commitment Fee, as defined in the Amended Credit Agreement, on the amount unused under the Amended Credit Agreement ranging from 0.20% to 0.45% per annum, and such Commitment Fee is determined in accordance with a leverage-based pricing grid. As part of the Amended Credit Agreement, HPPC was released from its obligations as a borrower and a guarantor under the Credit Agreement.

On June 28, 2019, the Company completed the sale of the Company's remaining Hain Pure Protein business and utilized proceeds from the sale, net of transaction related costs, to prepay a portion of the term loan. See Note 5, *Discontinued Operations*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K for information on the sale of the Hain Pure Protein business.

As of June 30, 2019 and June 30, 2018, there were $626.8 million and $698.1 million of borrowings outstanding, respectively, under the Amended Credit Agreement.

Tilda Short-Term Borrowing Arrangements

Our former Tilda business maintained short-term borrowing arrangements primarily used to fund the purchase of rice from India and other countries. The maximum borrowings permitted under all such arrangements were £52.0 million. Outstanding borrowings were collateralized by the current assets of Tilda, typically had six-month terms and bore interest at variable rates typically based on LIBOR plus a margin (weighted average interest rate of approximately 4.38% at June 30, 2019). As of June 30, 2019 and June 30, 2018, there were $8.7 million and $9.3 million of borrowings outstanding under these arrangements, respectively. On August 27, 2019, we sold our Tilda business as discussed in Note 21, *Subsequent Event* in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

Share Repurchase Program

On June 21, 2017, the Company's Board of Directors authorized the repurchase of up to $250 million of the Company's issued and outstanding common stock. Repurchases may be made from time to time in the open market, pursuant to pre-set trading plans,

in private transactions or otherwise. The authorization does not have a stated expiration date. The extent to which the Company repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations. The Company did not repurchase any shares under this program in fiscal 2019, 2018 or 2017, and accordingly, as of the end of fiscal 2019, we had $250 million of remaining capacity under our share repurchase program.

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

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

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

Constant Currency Presentation

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

A reconciliation between reported and constant currency net sales decrease in fiscal 2019 is as follows:

(amounts in thousands)	United Kingdom	Rest of World	Hain Consolidated
Net sales - Fiscal 2019	$ 885,488	$ 407,574	$ 2,302,468
Impact of foreign currency exchange	$ 36,122	$ 16,500	$ 52,622
Net sales on a constant currency basis - Fiscal 2019	$ 921,610	$ 424,074	$ 2,355,090
Net sales - Fiscal 2018	$ 938,029	$ 434,869	$ 2,457,769
Net sales decrease on a constant currency basis	(1.8)%	(2.5)%	(4.2)%

A reconciliation between reported and constant currency net sales increase in fiscal 2018 is as follows:

(amounts in thousands)	United Kingdom	Rest of World	Hain Consolidated
Net sales - Fiscal 2018	$ 938,029	$ 434,869	$ 2,457,769
Impact of foreign currency exchange	$ (54,419)	$ (25,540)	$ (79,959)
Net sales on a constant currency basis - Fiscal 2018	$ 883,610	$ 409,329	$ 2,377,810
Net sales - Fiscal 2017	$ 851,757	$ 383,942	$ 2,343,505
Net sales increase on a constant currency basis	3.7%	6.6%	1.5%

Adjusted EBITDA

Adjusted EBITDA is defined as net (loss) income before income taxes, net interest expense, depreciation and amortization, impairment of long-lived and intangible assets, equity in the earnings of equity-method investees, stock-based compensation, Project Terra costs and other, and other non-recurring items. The Company's management believes that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses this measure for reviewing the financial results of the

Company and as a component of performance-based executive compensation. Adjusted EBITDA is a non-U.S. GAAP measure and may not be comparable to similarly titled measures reported by other companies.

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

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

	Fiscal Year Ended June 30,		
(amounts in thousands)	2019	2018	2017
Net (loss) income	$ (183,314)	$ 9,694	$ 67,430
Net (loss) income from discontinued operations	(133,369)	(72,734)	1,889
Net (loss) income from continuing operations	$ (49,945)	$ 82,428	$ 65,541
Benefit for income taxes	(2,697)	(887)	22,466
Interest expense, net	32,970	24,339	18,391
Depreciation and amortization	56,914	60,809	59,567
Equity in net loss (income) of equity-method investees	655	(339)	(129)
Stock-based compensation, net	9,503	13,380	9,658
Stock-based compensation expense in connection with Chief Officer Succession Agreement	429	(2,203)	—
Goodwill impairment	—	7,700	—
Long-lived asset and intangibles impairment	33,719	14,033	40,452
Unrealized currency (gains)/losses	(850)	(2,027)	12,570
EBITDA	80,698	197,233	228,516
Project Terra costs and other	39,958	20,749	9,694
Chief Executive Officer Succession Plan expense, net	29,727	—	—
Proceeds from insurance claims	(4,460)	—	—
Accounting review and remediation costs, net of insurance proceeds	4,334	9,293	29,562
Warehouse/manufacturing facility start-up costs	17,636	4,179	—
SKU rationalization	12,381	4,913	5,360
Plant closure related costs	7,457	5,513	1,804
Litigation and related expenses	1,517	1,015	—
Gain on sale of business	(534)	—	—
Losses on terminated chilled desserts contract	—	6,553	2,583
Co-packer disruption	—	3,692	—
Regulated packaging change	—	1,007	—
Toys “R” Us bad debt	—	897	—
Recall and other related costs	—	580	809
Machine break-down costs	—	317	—
UK deferred synergies due to CMA Board decision	—	—	918
Realized currency loss (gain) on repayment of international loans	2,706	—	(14,290)
Adjusted EBITDA	$ 191,420	$ 255,941	$ 264,956

Operating Free Cash Flow

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

A reconciliation from cash flow provided by operating activities to Operating free cash flow is as follows:

	Fiscal Year Ended June 30,		
(amounts in thousands)	2019	2018	2017
Cash flow provided by operating activities from continuing operations	$ 49,519	$ 121,308	$ 232,695
Purchase of property, plant and equipment	(77,128)	(70,891)	(47,307)
Operating free cash flow continuing operations	$ (27,609)	$ 50,417	$ 185,388

Contractual Obligations

Obligations for all debt instruments, capital and operating leases and other contractual obligations as of June 30, 2019 are as follows:

	Payments Due by Period				
(amounts in thousands)	Total	Less than 1 year	1-3 years	3-5 years	5+ years
Long-term debt obligations (1)	$ 742,129	$ 54,534	$ 88,282	$ 599,202	$ 111
Operating lease obligations	118,942	19,426	30,802	24,262	44,452
Purchase obligations (2)	275,571	259,058	16,513	—	—
Total contractual obligations	$ 1,136,642	$ 333,018	$ 135,597	$ 623,464	$ 44,563

(1) Including principal and interest.

(2) Excludes amounts that may be payable upon termination to co-packers as we are not able to reasonably estimate such amounts.

As of June 30, 2019, we had non-current unrecognized tax benefits of $11.9 million for which we are not able to reasonably estimate the timing of future cash flows. As a result, this amount has not been included in the table above.

We believe that our cash on hand of $39.5 million at June 30, 2019 as well as projected cash flows from operations and availability under our Amended Credit Agreement are sufficient to fund our working capital needs in the ordinary course of business, anticipated fiscal 2020 capital expenditures and other expected cash requirements for at least the next 12 months.

Off Balance Sheet Arrangements

At June 30, 2019, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K that have had or are likely to have a material current or future effect on our consolidated financial statements.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States. Our significant accounting policies are described in Note 2, *Summary of Significant Accounting Policies and Practices*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K. The policies below have been identified as the critical accounting policies we use which require us to make estimates and assumptions and exercise judgment that affect the reported amounts of assets and liabilities at the date of the financial statements and amounts of income and expenses during the reporting periods presented. We believe in the quality and reasonableness of our critical accounting estimates; however, materially different amounts

might be reported under different conditions or using assumptions, estimates or making judgments different from those that we have applied. Our critical accounting policies, including our methodology for estimates made and assumptions used, are as follows:

Revenue Recognition

The Company sells its products through specialty and natural food distributors, supermarkets, natural foods stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 80 countries worldwide. The majority of our revenue contracts represent a single performance obligation related to the fulfillment of customer orders for the purchase of our products. We recognize revenue as performance obligations are fulfilled when control passes to our customers. Our customer contracts typically contain standard terms and conditions. In instances where formal written contracts are not in place we consider the customer purchase orders to be contracts based on the criteria outlined in ASC 606, *Revenue from Contracts with Customers*. Payment terms and conditions vary by customer and are based on the billing schedule established in our contracts or purchase orders with customers, but we generally provide credit terms to customers ranging from 15-60 days; therefore, we have determined that our contracts do not include a significant financing component.

Sales to customers generally do not include more than one performance obligation. When a contract does contain more than one performance obligation, we allocate the contract's transaction price to each performance obligation based on its relative standalone selling price. The standalone selling price for each distinct good is generally determined by directly observable data.

We have determined that we satisfy our performance obligations related to our customer contracts at a point in time, as opposed to over time, and, accordingly, revenue is recognized at a point in time. Therefore, we do not have any contract balances with our customers recorded on our Consolidated Balance Sheets.

Sales includes shipping and handling charges billed to the customer and are reported net of discounts, trade promotions and sales incentives, consumer coupon programs and other costs, including estimated allowances for returns, allowances and discounts associated with aged or potentially unsalable product, and prompt pay discounts. Shipping and handling costs are accounted for as a fulfillment activity of our promise to transfer products to our customers and are included in cost of sales line item on the Consolidated Statements of Operations.

Variable Consideration

In addition to fixed contract consideration, many of our contracts include some form of variable consideration. We offer various trade promotions and sales incentive programs to customers and consumers, such as price discounts, slotting fees, in-store display incentives, cooperative advertising programs, new product introduction fees and coupons. The expenses associated with these programs are accounted for as reductions to the transaction price of our products and are therefore deducted from our net sales to determine reported net sales. Trade promotions and sales incentive accruals are subject to significant management estimates and assumptions. The critical assumptions used in estimating the accruals for trade promotions and sales incentives include management's estimate of expected levels of performance and redemption rates. Management exercises judgment in developing these assumptions. These assumptions are based upon historical performance of the retailer or distributor customers with similar types of promotions adjusted for current trends. The Company regularly reviews and revises, when deemed necessary, estimates of costs to the Company for these promotions and incentives based on what has been incurred by the customers. The terms of most of our promotion and incentive arrangements do not exceed a year and therefore do not require highly uncertain long-term estimates. Settlement of these liabilities typically occurs in subsequent periods primarily through an authorization process for deductions taken by a customer from amounts otherwise due to the Company. Differences between estimated expense and actual promotion and incentive costs are normally insignificant and are recognized in earnings in the period such differences are determined. Actual expenses may differ if the level of redemption rates and performance were to vary from estimates.

Costs to Obtain or Fulfill a Contract

As our contracts are generally shorter than one year, the Company has elected a practical expedient under ASU 2014-09 that allows the Company to expense as incurred the incremental costs of obtaining a contract if the contract period is for one year or less. These costs are included in the selling, general and administrative expense line item on the Consolidated Statements of Operations.

Disaggregation of Net Sales

The Company does not disaggregate revenue below the segment revenues level disclosed in Note 17, *Segment Information*, as all revenues are recognized at a point in time and the Company's segment revenues depict how the economic factors affect the nature, amount, and timing and uncertainty of cash flows.

Valuation of Accounts and Chargeback Receivable

We perform routine credit evaluations on existing and new customers. We apply reserves for delinquent or uncollectible trade receivables based on a specific identification methodology and also apply an additional reserve based on the experience we have with our trade receivables aging categories. Credit losses have been within our expectations in recent years. While Walmart Inc. and its affiliates, Sam's Club and ASDA, together represented approximately 12% of accounts receivable, net at June 30, 2019, we believe there is no significant or unusual credit exposure at this time.

Based on cash collection history and other statistical analysis, we estimate the amount of unauthorized deductions that our customers have taken that we expect will be collectible and repaid in the near future and records a chargeback receivable. Differences between estimated collectible receivables and actual collections are recognized in earnings in the period such differences are determined.

We may not have the same experience with our receivables during different economic conditions, or with changes in business conditions, such as consolidation within the food industry and/or a change in the way we market and sell our products.

Accounting for Acquisitions

Our growth strategy has historically included the acquisition of numerous brands and businesses. The purchase price of these acquisitions has been determined after due diligence of the acquired business, market research, strategic planning and the forecasting of expected future results and synergies. Estimated future results and expected synergies are subject to judgment as we integrate each acquisition and attempt to leverage resources.

The accounting for the acquisitions we have made requires that the assets and liabilities acquired, as well as any contingent consideration that may be part of the agreement, be recorded at their respective fair values at the date of acquisition. This requires management to make significant estimates in determining the fair values, especially with respect to intangible assets, including estimates of expected cash flows, expected cost savings and the appropriate weighted average cost of capital. As a result of these significant judgments to be made, we occasionally obtain the assistance of independent valuation firms. We complete these assessments as soon as practical after the closing dates. Any excess of the purchase price over the estimated fair values of the identifiable net assets acquired is recorded as goodwill. Because the fair value and the estimated useful life of an intangible asset is a subjective estimate, it is reasonably likely that circumstances may cause the estimate to change. See Note 6, A*cquisitions*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

Valuation of Long-lived Assets

Fixed assets and amortizable intangible assets are reviewed for impairment as events or changes in circumstances occur indicating that the carrying value of the asset may not be recoverable. Undiscounted cash flow analyses are used to determine if impairment exists. If impairment is determined to exist, the loss is calculated based on estimated fair value.

Goodwill and Intangible Assets

Goodwill and intangible assets deemed to have indefinite lives are not amortized but rather are tested at least annually for impairment, or more often if events or changes in circumstances indicate that more likely than not the carrying amount of the asset may not be recoverable.

Goodwill is tested for impairment at the reporting unit level. A reporting unit represents an operating segment or a component of an operating segment. Goodwill is tested for impairment by either performing a qualitative evaluation or a two-step quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We may elect not to perform the qualitative assessment for some or all reporting units and perform a two-step quantitative impairment test. The estimate of the fair values of our reporting units are based on the best information available as of the date of the assessment. We generally use a blended analysis of the present value of discounted cash flows and the market valuation approach. The discounted cash flow model uses the present values of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and external economic factors in estimating our future cash flows. The assumptions we use in our evaluations include projections of growth rates and profitability, our estimated working capital needs, as well as our weighted average cost of capital. The market valuation approach indicates the fair value of a reporting unit based on a comparison to comparable publicly traded firms in similar businesses. Estimates used in the market value approach include the identification of similar companies with comparable business factors. Changes in economic and operating conditions impacting the assumptions we made could result in additional goodwill impairment in future periods. If the carrying value of the reporting unit exceeds fair value, goodwill is considered impaired. The

amount of the impairment is the difference between the carrying value of the goodwill and the “implied” fair value, which is calculated as if the reporting unit had just been acquired and accounted for as a business combination.

Indefinite-lived intangible assets consist primarily of acquired trade names and trademarks. We first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. We measure the fair value of these assets using the relief from royalty method. This method assumes that the trade names and trademarks have value to the extent their owner is relieved from paying royalties for the benefits received. We estimate the future revenues for the associated brands, the appropriate royalty rate and the weighted average cost of capital.

The Company completed its annual goodwill impairment analysis in the fourth quarter of fiscal 2019, in conjunction with its budgeting and forecasting process for fiscal year 2020, and concluded that no indicators of impairment existed at any of its reporting units.

As of June 30, 2019, the carrying value of goodwill was $1.01 billion. As of the 2019 measurement, the estimated fair value of each reporting unit exceeded its carrying value by at least 20%, with the exception of the Tilda and Grocery and Snacks reporting units, whose fair values exceeded their carrying values by 13% and 8%, respectively. Holding all other assumptions used in the 2019 fair value measurement constant, a 100-basis-point increase in the weighted average cost of capital would not result in the carrying value of any reporting unit, other than the Tilda reporting unit, to be in excess of the fair value. However, the fair values of the Hain Daniels, Grocery and Snacks and Hain Ventures reporting units would exceed their respective carrying values by less than 10%. The fair values were based on significant management assumptions including an estimate of future cash flow. If assumptions are not achieved or market conditions decline, potential impairment charges could result. The Company will continue to monitor impairment indicators and financial results in future periods.

For the fiscal year ended June 30, 2018, the Company recognized a goodwill impairment charge of $7.7 million in its Hain Ventures reporting unit primarily as a result of lowered projected long-term revenue growth rates and profitability levels.

Indefinite-lived intangible assets are evaluated on an annual basis in conjunction with the Company’s evaluation of goodwill, or on an interim basis if and when events or circumstances change that would more likely than not reduce the fair value of any of its indefinite-life intangible assets below their carrying value. In assessing fair value, the Company utilizes a “relief from royalty payments” methodology. This approach involves two steps: (i) estimating the royalty rates for each trademark and (ii) applying these royalty rates to a projected net sales stream and discounting the resulting cash flows to determine fair value. If the carrying value of the indefinite-lived intangible assets exceeds the fair value of the asset, the carrying value is written down to fair value in the period identified. In the second quarter of fiscal 2019, the Company determined that an indicator of impairment existed in certain of the Company’s indefinite-lived tradenames. The result of this interim assessment indicated that the fair value of certain of the Company’s tradenames was below their carrying value, and therefore an impairment charge of $17.9 million was recognized ($11.3 million in the United States segment, $3.8 million in the Rest of World segment and $2.8 million in the United Kingdom segment) during the fiscal year ended June 30, 2019. The result of the annual assessment for the year ended June 30, 2019 indicated that the fair value of the Company’s trade names exceeded their carrying values and no indicators of impairment were present. For the fiscal year ended June 30, 2018, a trade name impairment charge of $5.6 million ($5.1 million in the Rest of World segment and $0.5 million in the United Kingdom segment) was recorded. For the fiscal year ended June 30, 2017, a trade name impairment charge of $14.1 million ($7.6 million in the United Kingdom segment and $6.5 million in the United States segment) was recorded.

See also Note 9, *Goodwill and Other Intangible Assets*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K, for additional information.

Stock-based Compensation

The Company records share-based payment awards exchanged for employee and non-employee directors services at fair value on the date of grant and expenses the awards in the consolidated statements of operations over the requisite employee service period. Stock-based compensation expense related to awards with a market or performance condition, which cliff vest, are recognized over the vesting period on a straight line basis. Stock-based compensation awards with service conditions only are also recognized on a straight-line basis. The fair value of restricted stock awards is equal to the market value of the Company’s common stock on the date of grant and is recognized in expense over the vesting period using the straight-line method.

For awards that contain a market condition, expense is recognized over the defined or derived service period using a Monte Carlo simulation model. Compensation expense is recognized for these awards on a straight-line basis over the service period, regardless of the eventual number of shares that are earned based upon the market condition, provided that each grantee remains an employee

at the end of the performance period. Compensation expense is reversed if at any time during the service period a grantee is no longer an employee.

Valuation Allowances for Deferred Tax Assets

Deferred tax assets arise when we recognize expenses in our financial statements that will be allowed as income tax deductions in future periods. Deferred tax assets also include unused tax net operating losses and tax credits that we are allowed to carry forward to future years. Accounting rules permit us to carry deferred tax assets on the balance sheet at full value as long as it is “more likely than not” that the deductions, losses or credits will be used in the future. A valuation allowance must be recorded against a deferred tax asset if this test cannot be met. Our determination of our valuation allowances is based upon a number of assumptions, judgments and estimates, including forecasted earnings, future taxable income and the relative proportions of revenue and income before taxes in the various jurisdictions in which we operate. Concluding that a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years.

We have deferred tax assets related to foreign net operating losses, primarily in the United Kingdom and to a lesser extent in Belgium, against which we have recorded valuation allowances. The losses in the United Kingdom were recorded prior to the acquisition of Daniels. Under current tax law in these jurisdictions, our carryforward losses have no expiration. During fiscal 2019, the Company released the valuation allowance on a majority of its U.K. net operating loss carryforwards as it is more likely than not that the losses are realizable.

During fiscal 2019, we recorded a partial valuation allowance against our state deferred tax assets and state net operating loss carryforwards as it is not more likely than not that the state tax attributes will be realized.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies and Practices*, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K for information regarding recent accounting pronouncements.

Seasonality

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

The principal market risks (i.e., the risk of loss arising from adverse changes in market rates and prices) to which the Company is exposed are:

- interest rates on debt and cash equivalents;
- foreign exchange rates, generating translation and transaction gains and losses; and
- ingredient inputs.

Interest Rates

We centrally manage our debt and cash equivalents, considering investment opportunities and risks, tax consequences and overall financing strategies. Our cash equivalents consist primarily of money market funds or their equivalent. As of June 30, 2019, we had $626.8 million of variable rate debt outstanding under our Amended Credit Agreement. Assuming current cash equivalents and variable rate borrowings, a hypothetical change in average interest rates of one percentage point would impact net interest expense by approximately $5.9 million over the next fiscal year.

Foreign Currency Exchange Rates

Operating in international markets involves exposure to movements in currency exchange rates, which are volatile at times, and the impact of such movements, if material, could cause adjustments to our financing and operating strategies.

During fiscal 2019, approximately 54% of our consolidated net sales were generated from sales outside the United States, while such sales outside the United States were 53% of net sales in fiscal 2018 and 50% of net sales in fiscal 2017. These revenues, along with related expenses and capital purchases, were conducted in British Pounds Sterling, Euros, Indian Rupees and Canadian Dollars. Sales and operating income would have decreased by approximately $61.3 million and $4.5 million, respectively, if average foreign exchange rates had been lower by 5% against the U.S. Dollar in fiscal 2019. These amounts were determined by considering the impact of a hypothetical foreign exchange rate on the sales and operating income of the Company's international operations. To reduce that risk, the Company may enter into certain derivative financial instruments, when available on a cost-effective basis, to manage such risk. We had approximately $44.1 million in notional amounts of forward contracts at June 30, 2019. See Note 16, *Financial Instruments Measured at Fair Value*, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.

Fluctuations in currency exchange rates may also impact the Stockholders' Equity of the Company. Amounts invested in our non-United States subsidiaries are translated into United States Dollars at the exchange rates as of the last day of each reporting period. Any resulting cumulative translation adjustments are recorded in Stockholders' Equity as Accumulated Other Comprehensive Income. The cumulative translation adjustments component of Accumulated Other Comprehensive Loss decreased by $41.2 million during the fiscal year ended June 30, 2019.

Ingredient Inputs Price Risk

The Company purchases ingredient inputs such as almonds, coconut oil, corn, dairy, fruit and vegetables, oils, rice, soybeans, oats and wheat, as well as packaging materials, to be used in its operations. These inputs are subject to price fluctuations that may create price risk. We do not attempt to hedge against fluctuations in the prices of the ingredients by using future, forward, option or other derivative instruments. As a result, the majority of our future purchases of these items are subject to changes in price. We may enter into fixed purchase commitments in an attempt to secure an adequate supply of specific ingredients. These agreements are tied to specific market prices. Market risk is estimated as a hypothetical 10% increase or decrease in the weighted-average cost of our primary inputs as of June 30, 2019. Based on our cost of goods sold during the fiscal year ended June 30, 2019, such a change would have resulted in an increase or decrease to cost of sales of approximately $136 million. We attempt to offset the impact of input cost increases with a combination of cost savings initiatives and efficiencies and price increases.

Item 8. Financial Statements and Supplementary Data

The following consolidated financial statements of The Hain Celestial Group, Inc. and subsidiaries are included in Item 8:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets - June 30, 2019 and June 30, 2018
Consolidated Statements of Operations - Fiscal Years ended June 30, 2019, 2018 and 2017
Consolidated Statements of Comprehensive Income (Loss) - Fiscal Years ended June 30, 2019, 2018 and 2017
Consolidated Statements of Stockholders' Equity - Fiscal Years ended June 30, 2019, 2018 and 2017
Consolidated Statements of Cash Flows - Fiscal Years ended June 30, 2019, 2018 and 2017
Notes to Consolidated Financial Statements

The following consolidated financial statement schedule of The Hain Celestial Group, Inc. and subsidiaries is included in Item 15(a):

Schedule II - Valuation and qualifying accounts

All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable and therefore have been omitted.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of
The Hain Celestial Group, Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The Hain Celestial Group, Inc. and subsidiaries (the Company) as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended June 30, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2019, in conformity with U.S. generally accepted accounting principles.

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 June 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated August 29, 2019 expressed an unqualified opinion thereon.

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 consolidated 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.

Valuation of Goodwill and Trademarks and Trade names

Description of the Matter	At June 30, 2019, the Company’s goodwill and trademarks and trade names were $1.0 billion and $0.4 billion, respectively. As discussed in Note 9 of the 2019 audited financial statements, goodwill and trademarks and trade names are qualitatively or quantitatively tested for impairment at least annually, or more frequently when necessary. If the fair value of the intangible asset is less than its carrying amount, an impairment loss is recognized. Auditing management’s annual goodwill and trademarks and trade names impairment tests was complex as considerable management judgment was necessary to estimate fair values of the reporting units and trademarks and trade names. For goodwill, significant assumptions used in management’s evaluations included projections of revenue growth rates and profitability, estimated working capital needs and the weighted average cost of capital. For trademarks and trade names, significant assumptions used in management’s evaluations included projections of future revenues for the associated brands, royalty rates, and the weighted average cost of capital. The aforementioned assumptions are affected by expectations about future market or economic conditions that materially impact the fair value of the reporting units as well as the trademark and trade names.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company’s goodwill and trademark and trade name impairment evaluation process. For example, we tested controls over management’s review of the significant assumptions used in the reporting unit and trademark and trade name valuations as well as management’s review around the reasonableness of the data used in these valuations. To test the estimated fair value of the Company’s reporting units and trademarks and trade names, we performed audit procedures that included, among others, testing the significant assumptions discussed above, testing the underlying data used by the Company in its analyses by comparing to historical and other industry data, as well as validating certain assertions with data internal to the Company and from other sources. We compared the significant assumptions used by management to current industry and economic trends while also considering changes to the Company’s business model, customer base and product mix. We assessed the historical accuracy of management’s estimates and significant assumptions, such as projections of revenue growth rates and profitability, and estimated working capital needs, by comparing management’s past projections to actual performance. We used our valuation specialists to independently compute a range of reasonableness for the weighted average cost of capital. We also performed sensitivity analyses to evaluate the impact that changes in the significant assumptions would have on the fair value of the reporting units and trademarks and trade names. In addition, we tested the reconciliation of the fair value of the reporting units to the market capitalization of the Company. We also involved a valuation specialist to assist in our evaluation of the Company's model, valuation methodology and significant assumptions.

Revenue Recognition

Description of the Matter

For the year ended June 30, 2019, the Company’s reported net sales from continuing operations was $2.3 billion. As described in Note 2 of the 2019 audited financial statements, the Company provides certain retailers and distributors with trade and promotional incentive programs, which results in variable consideration and the Company having to estimate expected levels of promotions that are typically settled in a period after the sale taking place. The estimated costs of these trade promotions and sales incentives are recorded as a reduction to revenue at the time a product is sold to the customer. The measurement of trade promotions and sales incentive programs involves the use of judgment related to estimates of expected levels of performance and redemption rates.

Auditing the estimate of trade promotions and sales incentives is complex because the revenue recognized is determined based on significant management estimates. In particular, estimates are made for price discounts, slotting fees, in-store display incentives, cooperative advertising programs, new product introduction fees and coupons. These estimates are based on historical performance of the retailer or distributor, types of promotions, and adjustments for current trends, among other inputs. Changes in these estimates can have a significant impact on the amount of the revenue recognized. The completeness of the trade promotions and sales incentives estimate could also be impacted by any undisclosed side arrangements.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company’s trade promotions and sales incentives estimation process. For example, we tested controls over management’s review of the significant assumptions, such as the historical rate and timing of deductions, management’s review of the completeness and accuracy of the data used and other controls such as their retrospective review analysis.

Among other tests, we tested the results of the Company's retrospective review analysis of price concessions claimed by distributors and retailers as compared to levels of performance and redemption rates used in the estimate, evaluated the estimates used by comparing them to historical trends, and performed sensitivity analyses over the Company's significant assumptions. We also performed detailed transactional testing of customer deduction data underlying the estimate to validate the nature, timing and amount of deductions taken. Additionally, we obtained confirmations from sales representatives and distributor customers in order to assess the completeness of incentive programs.

Measurement of SKU Rationalization Reserve

Description of the Matter

At June 30, 2019, the Company’s Stock Keeping Unit (“SKU”) rationalization inventory reserve was $12.4 million. As discussed in Note 7 of the 2019 audited financial statements, the Company recorded inventory write-downs in connection with the discontinuance of slow-moving SKUs as part of a product rationalization initiative. Inputs to the calculation of the reserve at year end related to those items in the SKU rationalization program that are subjective and judgmental, specifically the estimated selling price and the quantities to be sold.

Auditing management’s SKU rationalization reserves was complex as considerable management judgment was necessary in determining the amounts that would be reserved. The significant estimates used in the calculation of the reserve include the estimated selling price and the quantities to be sold.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the SKU rationalization process. For example, we tested controls over management’s review of the estimated selling prices and sales quantity data used in the inventory reserve calculation.

Our audit procedures to test the adequacy of the Company's SKU rationalization reserve included, among others, testing the accuracy and completeness of the underlying data, including the estimated selling price and quantities. This testing included a retrospective review analysis of sales subsequent to the implementation of the SKU rationalization. We also assessed the historical accuracy of management’s estimates related to previous SKU rationalization reserves and performed sensitivity analyses of significant assumptions (such as selling prices and sales quantity) to evaluate the impact that changes in these assumptions would have on the SKU rationalization inventory reserve.

Assessment of Realizability of Deferred Tax Assets

Description of the Matter	As more fully described in Note 12 to the consolidated financial statements, at June 30, 2019, the Company had deferred tax assets related to deductible temporary differences and carryforwards of $77.0 million, net of a $34.9 million valuation allowance. Deferred tax assets are reduced by a valuation allowance if, based on the weight of all available evidence, in management's judgment it is more likely than not that some portion, or all, of the federal, state and foreign deferred tax assets will not be realized. Auditing management's assessment of the realizability of its deferred tax assets involved complex auditor judgment because management's estimate of future taxable income is highly judgmental and based on significant assumptions that may be affected by future market conditions and the Company's performance.
How we addressed the matter in our audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls that address the risks of material misstatement relating to the realizability of deferred tax assets. This included controls over management's scheduling of the future reversal of existing taxable temporary differences and estimate of future taxable income. Among other audit procedures performed, we tested the Company's scheduling of the reversal of existing temporary taxable differences. We also evaluated the assumptions used by the Company to develop estimates of future taxable income by jurisdiction and tested the completeness and accuracy of the underlying data used in its projections. For example, we compared the estimates of future taxable income with the actual results of prior periods, as well as management's consideration of other future market conditions. We also assessed the accuracy of management's historical projections and compared the estimate of future taxable income with other forecasted financial information prepared by the Company.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 1994.

Jericho, New York

August 29, 2019

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2019 AND JUNE 30, 2018
(In thousands, except par values)

	June 30,	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 39,526	$ 106,557
Accounts receivable, less allowance for doubtful accounts of $588 and $1,828, respectively	236,945	252,708
Inventories	364,887	391,525
Prepaid expenses and other current assets	60,429	59,946
Current assets of discontinued operations	—	240,851
Total current assets	701,787	1,051,587
Property, plant and equipment, net	328,362	310,172
Goodwill	1,008,979	1,024,136
Trademarks and other intangible assets, net	465,211	510,387
Investments and joint ventures	18,890	20,725
Other assets	59,391	29,667
Total assets	$ 2,582,620	$ 2,946,674
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 238,298	$ 229,993
Accrued expenses and other current liabilities	118,940	116,001
Current portion of long-term debt	25,919	26,605
Current liabilities of discontinued operations	—	49,846
Total current liabilities	383,157	422,445
Long-term debt, less current portion	613,537	687,501
Deferred income taxes	51,910	86,909
Other noncurrent liabilities	14,697	12,770
Total liabilities	1,063,301	1,209,625
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock - $.01 par value, authorized 5,000 shares; issued and outstanding: none	—	—
Common stock - $.01 par value, authorized 150,000 shares; issued: 108,833 and 108,422 shares, respectively; outstanding: 104,219 and 103,952 shares, respectively	1,088	1,084
Additional paid-in capital	1,158,257	1,148,196
Retained earnings	695,017	878,516
Accumulated other comprehensive loss	(225,004)	(184,240)
	1,629,358	1,843,556
Less: Treasury stock, at cost, 4,614 and 4,470 shares, respectively	(110,039)	(106,507)
Total stockholders' equity	1,519,319	1,737,049
Total liabilities and stockholders' equity	$ 2,582,620	$ 2,946,674

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FISCAL YEARS ENDED JUNE 30, 2019, 2018 AND 2017
(In thousands, except per share amounts)

	Fiscal Year Ended June 30,		
	2019	**2018**	**2017**
Net sales	$ 2,302,468	$ 2,457,769	$ 2,343,505
Cost of sales	1,857,255	1,942,321	1,824,109
Gross profit	445,213	515,448	519,396
Selling, general and administrative expenses	340,949	341,634	312,583
Amortization of acquired intangibles	15,294	18,202	16,988
Project Terra costs and other	40,107	18,026	10,388
Chief Executive Officer Succession Plan expense, net	30,156	520	—
Proceeds from insurance claim	(4,460)	—	—
Accounting review and remediation costs, net of insurance proceeds	4,334	9,293	29,562
Goodwill impairment	—	7,700	—
Long-lived asset and intangibles impairment	33,719	14,033	40,452
Operating (loss) income	(14,886)	106,040	109,423
Interest and other financing expense, net	36,078	26,925	21,115
Other expense/(income), net	1,023	(2,087)	430
(Loss) income from continuing operations before income taxes and equity in net loss (income) of equity-method investees	(51,987)	81,202	87,878
(Benefit) provision for income taxes	(2,697)	(887)	22,466
Equity in net loss (income) of equity-method investees	655	(339)	(129)
Net (loss) income from continuing operations	$ (49,945)	$ 82,428	$ 65,541
Net (loss) income from discontinued operations, net of tax	(133,369)	(72,734)	1,889
Net (loss) income	$ (183,314)	$ 9,694	$ 67,430
Net (loss) income per common share:			
Basic net (loss) income per common share from continuing operations	$ (0.48)	$ 0.79	$ 0.63
Basic net (loss) income per common share from discontinued operations	(1.28)	(0.70)	0.02
Basic net (loss) income per common share	$ (1.76)	$ 0.09	$ 0.65
Diluted net (loss) income per common share from continuing operations	$ (0.48)	$ 0.79	$ 0.63
Diluted net (loss) income per common share from discontinued operations	(1.28)	(0.70)	0.02
Diluted net (loss) income per common share	$ (1.76)	$ 0.09	$ 0.65
Shares used in the calculation of net (loss) income per common share:			
Basic	104,076	103,848	103,611
Diluted	104,076	104,477	104,248

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FISCAL YEARS ENDED JUNE 30, 2019, 2018 AND 2017
(In thousands)

	Fiscal Year Ended June 30, 2019			Fiscal Year Ended June 30, 2018			Fiscal Year Ended June 30, 2017		
	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount	Pre-tax amount	Tax (expense) benefit	After-tax amount
Net (loss) income			$ (183,314)			$ 9,694			$ 67,430
Other comprehensive (loss) income:									
Foreign currency translation adjustments	$ (41,180)	$ —	(41,180)	$ 11,497	$ —	11,497	$ (22,951)	$ —	(22,951)
Change in deferred gains (losses) on cash flow hedging instruments	83	(15)	68	(82)	15	(67)	(411)	32	(379)
Change in unrealized (losses) gains on equity investment	—	—	—	(190)	(1)	(191)	(53)	15	(38)
Total other comprehensive (loss) income	$ (41,097)	$ (15)	$ (41,112)	$ 11,225	$ 14	$ 11,239	$ (23,415)	$ 47	$ (23,368)
Total comprehensive (loss) income			$ (224,426)			$ 20,933			$ 44,062

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FISCAL YEARS ENDED JUNE 30 2019, 2018 AND 2017
(In thousands, except par values)

	Common Stock		Additional				Accumulated Other	
		Amount	Paid-in	Retained	Treasury Stock		Comprehensive	
	Shares	at $.01	Capital	Earnings	Shares	Amount	Income (Loss)	Total
Balance at June 30, 2016	107,479	$ 1,075	$ 1,123,206	$ 801,392	4,018	$ (89,048)	$ (172,111)	$ 1,664,514
Net income				67,430				67,430
Other comprehensive loss							(23,368)	(23,368)
Issuance of common stock pursuant to stock-based compensation plans	510	5	1,995		52	(1,999)		1
Stock-based compensation income tax effects			2,865					2,865
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					217	(8,268)		(8,268)
Stock-based compensation expense			9,658					9,658
Balance at June 30, 2017	107,989	$ 1,080	$ 1,137,724	$ 868,822	4,287	$ (99,315)	$ (195,479)	$ 1,712,832
Net income				9,694				9,694
Other comprehensive income							11,239	11,239
Issuance of common stock pursuant to stock-based compensation plans	433	4	(4)		—	—		—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					183	(7,192)		(7,192)
Stock-based compensation expense			10,476					10,476
Balance at June 30, 2018	108,422	$ 1,084	$ 1,148,196	$ 878,516	4,470	$ (106,507)	$ (184,240)	$ 1,737,049

Continued on next page

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FISCAL YEARS ENDED JUNE 30 2019, 2018 AND 2017
(In thousands, except par values)

Continued from previous page

	Common Stock		Additional		Treasury Stock		Accumulated Other	
	Shares	Amount at $.01	Paid-in Capital	Retained Earnings	Shares	Amount	Comprehensive Income (Loss)	Total
Balance at June 30, 2018	108,422	$ 1,084	$ 1,148,196	$ 878,516	4,470	$ (106,507)	$ (184,240)	$ 1,737,049
Net loss				(183,314)				(183,314)
Cumulative effect of adoption of ASU 2016-01				(348)			348	—
Cumulative effect of adoption of ASU 2014-09				163				163
Other comprehensive loss							(41,112)	(41,112)
Issuance of common stock pursuant to stock-based compensation plans	411	4	(4)		—	—		—
Shares withheld for payment of employee payroll taxes due on shares issued under stock-based compensation plans					144	(3,532)		(3,532)
Stock-based compensation expense			10,065					10,065
Balance at June 30, 2019	108,833	$ 1,088	$ 1,158,257	$ 695,017	4,614	$ (110,039)	$ (225,004)	$ 1,519,319

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2019, 2018 AND 2017
(In thousands)

	Fiscal Year Ended June 30,		
	2019	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$ (183,314)	$ 9,694	$ 67,430
Net (loss) income from discontinued operations	(133,369)	(72,734)	1,889
Net (loss) income from continuing operations	$ (49,945)	$ 82,428	$ 65,541
Adjustments to reconcile net (loss) income from continuing operations to net cash provided by operating activities from continuing operations:			
Depreciation and amortization	56,914	60,809	59,568
Deferred income taxes	(25,790)	(21,503)	(10,456)
Equity in net loss (income) of equity-method investees	655	(339)	(129)
Stock-based compensation, net	9,932	11,177	9,658
Impairment charges	33,719	21,733	40,452
Other non-cash items, net	1,225	(741)	2,813
Increase (decrease) in cash attributable to changes in operating assets and liabilities, net of amounts applicable to acquisitions:			
Accounts receivable	21,194	(24,841)	33,494
Inventories	20,648	(45,036)	209
Other current assets	(5,758)	(9,269)	33,109
Other assets and liabilities	3,697	(2,396)	(4,521)
Accounts payable and accrued expenses	(16,972)	49,286	2,957
Net cash provided by operating activities from continuing operations	49,519	121,308	232,695
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(77,128)	(70,891)	(47,307)
Proceeds from sale of assets and other	7,145	738	6,419
Acquisitions of businesses, net of cash acquired	—	(12,368)	(19,544)
Net cash used in investing activities from continuing operations	(69,983)	(82,521)	(60,432)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings under bank revolving credit facility	285,000	65,000	90,000
Repayments under bank revolving credit facility	(268,791)	(400,220)	(181,203)
Borrowings under term loan	—	299,245	—
Repayments under term loan	(90,000)	(3,750)	—
Repayments of other debt, net	(3,171)	(996)	(19,199)
Proceeds from (funding of) discontinued operations entities	36,029	(21,568)	(25,921)
Acquisition related contingent consideration	—	—	(2,498)
Shares withheld for payment of employee payroll taxes	(3,532)	(7,193)	(8,268)
Net cash used in financing activities from continuing operations	(44,465)	(69,482)	(147,089)
Effect of exchange rate changes on cash	(2,102)	197	(3,114)
CASH FLOWS FROM DISCONTINUED OPERATIONS			
Cash used in operating activities	(8,250)	(14,086)	(12,772)
Cash provided by (used in) investing activities	37,941	(10,752)	(15,813)
Cash (used in) provided by financing activities	(36,151)	21,361	25,591
Net cash used in discontinued operations	(6,460)	(3,477)	(2,994)
Net (decrease)/increase in cash and cash equivalents	(73,491)	(33,975)	19,066
Cash and cash equivalents at beginning of year	113,017	146,992	127,926
Cash and cash equivalents at end of year	$ 39,526	$ 113,017	$ 146,992
Less: cash and cash equivalents of discontinued operations	$ —	$ (6,460)	$ (9,937)
Cash and cash equivalents of continuing operations at end of year	$ 39,526	$ 106,557	$ 137,055

See notes to consolidated financial statements.

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

The Hain Celestial Group, Inc., a Delaware corporation, was founded in 1993 and is headquartered in Lake Success, New York. The Company's mission has continued to evolve since its founding, with health and wellness being the core tenet. The Company continues to be a leading marketer, manufacturer and seller of organic and natural, "better-for-you" products by anticipating and exceeding consumer expectations in providing quality, innovation, value and convenience. The Company is committed to growing sustainably while continuing to implement environmentally sound business practices and manufacturing processes. Hain Celestial sells its products through specialty and natural food distributors, supermarkets, natural food stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 80 countries worldwide.

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

Historically, the Company divided its business into core platforms, which are defined by common consumer need, route-to-market or internal advantage and are aligned with the Company's strategic roadmap to continue its leadership position in the organic and natural, "better-for-you" products industry. Those core platforms within our United States segment are:

- *Better-for-You Baby*, which includes infant foods, infant and toddler formula, toddler and kids foods and diapers that nurture and care for babies and toddlers, under the Earth's Best® and Ella's Kitchen® brands.
- *Better-for-You Pantry*, which includes core consumer staples, such as MaraNatha®, Arrowhead Mills®, Imagine® and Spectrum® brands.
- *Better-for-You Snacking*, which includes wholesome products for in-between meals, such as Terra®, Sensible Portions® and Garden of Eatin'® brands.
- *Fresh Living*, which includes yogurt, plant-based proteins and other refrigerated products, such as The Greek Gods® yogurt and Dream™ plant-based beverage brands.
- *Pure Personal Care*, which includes personal care products focused on providing consumers with cleaner and gentler ingredients, such as JASON®, Live Clean®, Avalon Organics® and Alba Botanica® brands.
- *Tea*, which includes tea products marketed under the Celestial Seasonings® brand.

Additionally, beginning in fiscal 2017, the Company launched Hain Ventures (formerly known as "Cultivate Ventures"), a venture unit with a twofold purpose: (i) to strategically invest in the Company's smaller brands in high potential categories, by giving these brands a dedicated, creative focus for refresh and relaunch and; (ii) to incubate and grow small acquisitions until they reach the scale required to migrate to the Company's core platforms.

During fiscal 2019, the Company refined its strategy within the United States segment, focusing on simplifying the Company's portfolio and reinvigorating profitable sales growth through removing uneconomic investment, realigning resources to coincide with individual brand role, reducing unproductive stock-keeping units ("SKUs") and brands, and reassessing current pricing architecture. As part of this initiative, the Company reviewed its product portfolio and divided it into "Get Bigger" and "Get Better" brand categories.

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

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

As part of the Company's overall strategy, the Company may seek to dispose of businesses and brands that are less profitable or are otherwise less of a strategic fit within our core portfolio. Accordingly, the Company divested of all of its operations of the Hain Pure Protein reportable segment (discussed further below) and WestSoy® tofu, seitan and tempeh businesses in the United States. Additionally, on August 27, 2019, the Company sold the entities comprising its Tilda operating segment and certain other assets of the Tilda business. See Note 21, *Subsequent Event*, for additional information.

Productivity and Transformation

As part of the Company's historical strategic review, it focused on a productivity initiative, which it called "Project Terra." A key component of this project was the identification of global cost savings, and the removal of complexity from the business. This review has included and continues to include streamlining the Company's manufacturing plants, co-packers and supply chain, eliminating served categories or brands within those categories, and product rationalization initiatives which are aimed at eliminating slow moving SKUs.

In fiscal 2019, the Company announced a new transformation initiative, of which one aspect is to identify additional areas of productivity savings to support sustainable profitable performance.

Discontinued Operations

In March 2018, the Company's Board of Directors approved a plan to sell all of the operations of the Hain Pure Protein Corporation ("HPPC") operating segment, which includes the Plainville Farms and FreeBird businesses, and the EK Holdings, Inc. ("Empire Kosher" or "Empire") operating segment, which were reported in the aggregate as the Hain Pure Protein reportable segment. These dispositions were being undertaken to reduce complexity in the Company's operations and simplify the Company's brand portfolio, in addition to allowing additional flexibility to focus on opportunities for growth and innovation in the Company's more profitable and faster growing core businesses.

Collectively, these dispositions represent a strategic shift that will have a major impact on the Company's operations and financial results and have been accounted for as discontinued operations.

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business (a component of HPPC).

On June 28, 2019, the Company completed the sale of the remainder of HPPC and Empire Kosher which includes the FreeBird and Empire Kosher businesses. See Note 5, *Discontinued Operations*, for additional information.

Basis of Presentation

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

Unless otherwise indicated, references in these consolidated financial statements to 2019, 2018 and 2017 or "fiscal" 2019, 2018 and 2017 or other years refer to our fiscal year ended June 30 of that respective year and references to 2020 or "fiscal" 2020 refer to our fiscal year ending June 30, 2020.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Discontinued Operations

The financial statements separately report discontinued operations and the results of continuing operations (See Note 5). All footnotes exclude discontinued operations unless otherwise noted.

Use of Estimates

The financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The accounting principles we use require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and amounts of income and expenses during the reporting periods presented. These estimates include, among others, revenue recognition, trade promotions and sales incentives, valuation of accounts and chargeback receivables, accounting for acquisitions, valuation of long-lived assets, goodwill and intangible assets, stock-based compensation, and valuation allowances for deferred tax assets. We believe in the quality and reasonableness of our critical accounting estimates; however, materially different amounts may be reported under different conditions or using assumptions different from those that we have consistently applied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Cash and Cash Equivalents

The Company considers cash and cash equivalents to include cash in banks, commercial paper and deposits with financial institutions that can be liquidated without prior notice or penalty. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

The Company sells its products through specialty and natural food distributors, supermarkets, natural foods stores, mass-market and e-commerce retailers, food service channels and club, drug and convenience stores in over 80 countries worldwide. The majority of our revenue contracts represent a single performance obligation related to the fulfillment of customer orders for the purchase of our products. We recognize revenue as performance obligations are fulfilled when control passes to our customers. Our customer contracts typically contain standard terms and conditions. In instances where formal written contracts are not in place we consider the customer purchase orders to be contracts based on the criteria outlined in ASC 606, *Revenue from Contracts with Customers*. Payment terms and conditions vary by customer and are based on the billing schedule established in our contracts or purchase orders with customers, but we generally provide credit terms to customers ranging from 15-60 days; therefore, we have determined that our contracts do not include a significant financing component.

Sales includes shipping and handling charges billed to the customer and are reported net of discounts, trade promotions and sales incentives, consumer coupon programs and other costs, including estimated allowances for returns, allowances and discounts associated with aged or potentially unsalable product, and prompt pay discounts. Shipping and handling costs are accounted for as a fulfillment activity of our promise to transfer products to our customers and are included in cost of sales line item on the Consolidated Statements of Operations.

During the fourth quarter of fiscal 2016, the Company identified the practice of granting additional concessions to certain distributors in the United States and commenced an internal accounting review in order to (i) determine whether the revenue associated with those concessions was accounted for in the correct period and (ii) evaluate its internal control over financial reporting. The Audit Committee of the Company's Board of Directors separately conducted an independent review of these matters and retained independent counsel to assist in their review. On November 16, 2016, the Company announced that the independent review of the Audit Committee was completed and that the review found no evidence of intentional wrongdoing in connection with the preparation of the Company's financial statements.

Management's internal accounting review included consideration of certain side agreements and concessions provided to distributors in the United States in fiscal 2016, including payment terms beyond the customer's standard terms, rights of return of product and post-sale concessions, most of which were associated with sales that occurred at the end of the quarter. It had been the Company's policy to record revenue related to these distributors when title of the product transfers to the distributor. The Company concluded that its historical accounting policy for these distributors is appropriate as the sales price is fixed or determinable at the time ownership transfers to these distributors, based on the Company's ability to make a reasonable estimate of future returns and certain concessions at the time of shipment.

Variable Consideration

In addition to fixed contract consideration, many of our contracts include some form of variable consideration. We offer various trade promotions and sales incentive programs to customers and consumers, such as price discounts, slotting fees, in-store display incentives, cooperative advertising programs, new product introduction fees and coupons. The expenses associated with these programs are accounted for as reductions to the transaction price of our products and are therefore deducted from our net sales to determine reported net sales. Trade promotions and sales incentive accruals are subject to significant management estimates and assumptions. The critical assumptions used in estimating the accruals for trade promotions and sales incentives include management's estimate of expected levels of performance and redemption rates. Management exercises judgment in developing these assumptions. These assumptions are based upon historical performance of the retailer or distributor customers with similar types of promotions adjusted for current trends. The Company regularly reviews and revises, when deemed necessary, estimates of costs to the Company for these promotions and incentives based on what has been incurred by the customers. The terms of most of our promotion and incentive arrangements do not exceed a year and therefore do not require highly uncertain long-term estimates. Settlement of these liabilities typically occurs in subsequent periods primarily through an authorization process for deductions taken by a customer from amounts otherwise due to the Company. Differences between estimated expense and actual promotion and incentive costs are normally insignificant and are recognized in earnings in the period such differences are determined. Actual expenses may differ if the level of redemption rates and performance were to vary from estimates.

Costs to Obtain or Fulfill a Contract

As our contracts are generally shorter than one year, the Company has elected a practical expedient under ASC 606 that allows the Company to expense as incurred the incremental costs of obtaining a contract if the contract period is for one year or less. These costs are included in the selling, general and administrative expense line item on the Consolidated Statements of Operations.

Disaggregation of Net Sales

The Company does not disaggregate revenue below the segment revenues level disclosed in Note 19, *Segment Information*, as all revenues are recognized at a point in time and the Company's segment revenues depict how the economic factors affect the nature, amount, and timing and uncertainty of cash flows.

Valuation of Accounts and Chargebacks Receivable and Concentration of Credit Risk

The Company routinely performs credit evaluations on existing and new customers. The Company applies reserves for delinquent or uncollectible trade receivables based on a specific identification methodology and also applies an additional reserve based on the experience the Company has with its trade receivables aging categories. Credit losses have been within the Company's expectations in recent years. While one of the Company's customers represented approximately 12% and 11% of trade receivables balances as of June 30, 2019 and 2018, respectively, the Company believes that there is no significant or unusual credit exposure at this time.

Based on cash collection history and other statistical analysis, the Company estimates the amount of unauthorized deductions customers have taken that we expect will be collected and repaid in the near future and records a chargeback receivable. Differences between estimated collectible receivables and actual collections are recognized in earnings in the period such differences are determined.

Sales to one customer and its affiliates approximated 11%, 11% and 12% of net sales during the fiscal years ended June 30, 2019, 2018 and 2017, respectively. Sales to a second customer and its affiliates approximated 10%, 11% and 11% of net sales during the fiscal years ended June 30, 2019, 2018 and 2017, respectively.

In addition, cash and cash equivalents are maintained with several financial institutions. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand.

Inventory

Inventory is valued at the lower of cost or net realizable value, utilizing the first-in, first-out method. The Company provides write-downs for finished goods expected to become non-saleable due to age and specifically identifies and provides for slow moving or obsolete raw ingredients and packaging.

Property, Plant and Equipment

Property, plant and equipment is carried at cost and depreciated or amortized on a straight-line basis over the estimated useful lives or lease term (for leasehold improvements), whichever is shorter. The Company believes the useful lives assigned to our property, plant and equipment are within ranges generally used in consumer products manufacturing and distribution businesses. The Company's manufacturing plants and distribution centers, and their related assets, are reviewed when impairment indicators are present by analyzing underlying cash flow projections. The Company believes no impairment of the carrying value of such assets exists other than as disclosed under Note 8, *Property, Plant and Equipment, Net,* and Note 5, *Discontinued Operations*. Ordinary repairs and maintenance costs are expensed as incurred. The Company utilizes the following ranges of asset lives:

Buildings and improvements	10 - 40 years
Machinery and equipment	3 - 20 years
Furniture and fixtures	3 - 15 years

Leasehold improvements are amortized over the shorter of the respective initial lease term or the estimated useful life of the assets, and generally range from 3 to 15 years.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill and other intangible assets with indefinite useful lives are not amortized but rather are tested at least annually for impairment, or when circumstances indicate that the carrying amount of the asset may not be recoverable. The Company performs its annual test for impairment at the beginning of the fourth quarter of its fiscal year.

Goodwill is tested for impairment at the reporting unit level. A reporting unit is an operating segment or a component of an operating segment. Goodwill is tested for impairment by either performing a qualitative evaluation or a two-step quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We may elect not to perform the qualitative assessment for some or all reporting units and perform a two-step quantitative impairment test. The impairment test for goodwill requires the Company to compare the fair value of a reporting unit to its carrying value, including goodwill. The Company uses a blended analysis of a discounted cash flow model and a market valuation approach to determine the fair values of its reporting units. If the carrying value of a reporting unit exceeds its fair value, the Company would then compare the carrying value of the goodwill to its implied fair value in order to determine the amount of the impairment, if any.

Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the asset to the carrying value. Fair value is determined based on a relief from royalty method that include significant management assumptions such as revenue growth rates, weighted average cost of capital, and assumed royalty rates. If the fair value is less than the carrying value, the asset is reduced to fair value.

See Note 9, *Goodwill and Other Intangible Assets*, for information on goodwill and intangibles impairment charges.

Cost of Sales

Included in cost of sales are the cost of products sold, including the costs of raw materials and labor and overhead required to produce the products, warehousing, distribution, supply chain costs, as well as costs associated with shipping and handling of our inventory.

Foreign Currency Translation and Remeasurement

The assets and liabilities of international operations are translated at the exchange rates in effect at the balance sheet date. Revenue and expense accounts are translated at the monthly average exchange rates. Adjustments arising from the translation of the foreign currency financial statements of the Company's international operations are reported as a component of accumulated other comprehensive (loss)/income in the Company's Consolidated Balance Sheets. Gains and losses arising from intercompany foreign currency transactions that are of a long-term nature are reported in the same manner as translation adjustments.

Gains and losses arising from intercompany foreign currency transactions that are not of a long-term nature and certain transactions of the Company's subsidiaries which are denominated in currencies other than the subsidiaries' functional currency are recognized as incurred in other (income)/expense, net in the Consolidated Statements of Operations.

Selling, General and Administrative Expenses

Included in selling, general and administrative expenses are advertising costs, promotion costs not paid directly to the Company's customers, salary and related benefit costs of the Company's employees in the finance, human resources, information technology, legal, sales and marketing functions, facility related costs of the Company's administrative functions, research and development costs, and costs paid to consultants and third party providers for related services.

Research and Development Costs

Research and development costs are expensed as incurred and are included in selling, general and administrative expenses in the accompanying consolidated financial statements. Research and development costs amounted to $11,120 in fiscal 2019, $9,696 in fiscal 2018 and $10,130 in fiscal 2017, consisting primarily of personnel related costs. The Company's research and development expenditures do not include the expenditures on such activities undertaken by co-packers and suppliers who develop numerous products on behalf of the Company and on their own initiative with the expectation that the Company will accept their new product ideas and market them under the Company's brands.

Advertising Costs

Advertising costs, which are included in selling, general and administrative expenses, amounted to $28,164 in fiscal 2019, $35,138 in fiscal 2018 and $30,333 in fiscal 2017. Such costs are expensed as incurred.

Proceeds from Insurance Claims

In July of 2019, the Company received $7,027 as partial payment from an insurance claim relating to business disruption costs associated with a co-packer, $4,460 of which was recognized in fiscal 2019 as it relates to reimbursement of costs already incurred. The Company will record an additional $2,567 in the first quarter of fiscal 2020.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the differences between the financial statement and tax bases of assets and liabilities at enacted rates in effect in the years in which the differences are expected to reverse. Valuation allowances are provided for deferred tax assets to the extent it is more likely than not that the deferred tax assets will not be recoverable against future taxable income.

The Company recognizes liabilities for uncertain tax positions based on a two-step process prescribed by the authoritative guidance. The first step requires the Company to determine if the weight of available evidence indicates that the tax position has met the threshold for recognition; therefore, the Company must evaluate whether it is more likely than not that the position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step requires the Company to measure the tax benefit of the tax position taken, or expected to be taken, in an income tax return as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The Company reevaluates the uncertain tax positions each period based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Depending on the jurisdiction, such a change in recognition or measurement may result in the recognition of a tax benefit or an additional charge to the tax provision in the period. The Company records interest and penalties in the provision for income taxes.

Fair Value of Financial Instruments

The fair value of financial instruments is the amount at which the instrument could be exchanged in a current transaction between willing parties. At June 30, 2019 and 2018, the Company had $44 and $99, respectively, invested in money market funds, which are classified as cash equivalents. At June 30, 2019 and 2018, the carrying values of financial instruments such as accounts receivable, accounts payable, accrued expenses and other current liabilities, as well as borrowings under our credit facility and other borrowings, approximated fair value based upon either the short-term maturities or market interest rates of these instruments.

Derivative Instruments

The Company utilizes derivative instruments, principally foreign exchange forward contracts, to manage certain exposures to changes in foreign exchange rates. The Company's contracts are hedges for transactions with notional balances and periods consistent with the related exposures and do not constitute investments independent of these exposures. These contracts, which are designated and documented as cash flow hedges, qualify for hedge accounting treatment in accordance with ASC 815,

Derivatives and Hedging. Exposure to counterparty credit risk is considered low because these agreements have been entered into with high quality financial institutions.

All derivative instruments are recognized on the Consolidated Balance Sheets at fair value. The effective portion of changes in the fair value of derivative instruments that qualify for cash flow hedge accounting treatment are recognized in stockholders' equity as a component of accumulated other comprehensive (loss)/income until the hedged item is recognized in earnings. Changes in the fair value of fair value hedges, derivatives that do not qualify for hedge accounting treatment, as well as the ineffective portion of any cash flow hedges, are recognized currently in earnings as a component of other (income)/expense, net in the accompanying financial statements.

Stock-Based Compensation

The Company has employee and director stock-based compensation plans.

The fair value of stock-based compensation awards is recognized as an expense over the vesting period using the straight-line method. For awards that contain a market condition, expense is recognized over the defined or derived service period using a Monte Carlo simulation model. Compensation expense is recognized for these awards on a straight-line basis over the service period, regardless of the eventual number of shares that are earned based upon the market condition, provided that each grantee remains an employee at the end of the performance period. Compensation expense on awards that contain a market condition is reversed if at any time during the service period a grantee is no longer an employee.

For restricted stock awards which include performance criteria, compensation expense is recorded when the achievement of the performance criteria is probable and is recognized over the performance and vesting service periods. Compensation expense is recognized for only that portion of stock-based awards that are expected to vest. Therefore, estimated forfeiture rates that are derived from historical employee termination activity are applied to reduce the amount of compensation expense recognized. If the actual forfeitures differ from the estimate, additional adjustments to compensation expense may be required in future periods.

The Company receives an income tax deduction in certain tax jurisdictions for restricted stock grants when they vest and for stock options exercised by employees equal to the excess of the market value of our common stock on the date of exercise over the option price. Excess tax benefits (tax benefits resulting from tax deductions in excess of compensation cost recognized) are classified as a cash flow provided by operating activities in the accompanying Consolidated Statements of Cash Flows.

Valuation of Long-Lived Assets

The Company periodically evaluates the carrying value of long-lived assets, other than goodwill and intangible assets with indefinite lives, held and used in the business when events and circumstances occur indicating that the carrying amount of the asset may not be recoverable. An impairment test is performed when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. Once such impairment test is performed, a loss is recognized based on the amount, if any, by which the carrying value exceeds the estimated fair value for assets to be held and used.

See Note 8, *Property, Plant and Equipment, Net,* and Note 5, *Discontinued Operations,* for information on long-lived asset impairment charges.

Net (Loss) Income Per Share

Basic net (loss) income per share is computed by dividing net (loss) income by the weighted-average number of common shares outstanding for the period. Diluted net (loss) income per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

Newly Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers, providing a single five-step model to be applied to all revenue transactions. The guidance also requires improved disclosures to assist users of the financial statements to better understand the nature, amount, timing and uncertainty of revenue that is recognized. Subsequent to the issuance of ASU 2014-09, the FASB issued various additional ASUs clarifying and amending this new revenue guidance. The Company adopted the new revenue standard on July 1, 2018 using the modified retrospective transition method. The adoption did not materially impact our results of operations or financial position, and, as a result, comparisons of revenues and operating profit between periods were not materially affected by the adoption of ASU 2014-09. The Company recorded a net increase to beginning retained earnings of $163 on July 1, 2018 due to the cumulative impact of adopting ASU 2014-09.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. The pronouncement also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The Company adopted ASU 2016-01 in the three months ended September 30, 2018, which resulted in a net decrease to beginning retained earnings of $348 on July 1, 2018, representing the accumulated unrealized losses (net of tax) reported in accumulated other comprehensive income (loss) for available-for-sale equity securities on June 30, 2018. We no longer classify equity investments as trading or available-for-sale and no longer recognize unrealized holding gains and losses on equity securities previously classified as available-for-sale in other comprehensive income (loss) as a result of adoption of ASU 2016-01.

In May 2017, the FASB issued ASU 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The guidance is effective for annual periods beginning after December 15, 2017. The Company adopted the provisions of ASU 2016-15 as of July 1, 2018. There was no impact on the Company's consolidated financial statements resulting from the adoption of this guidance.

Recently Issued Accounting Pronouncements Not Yet Effective

In February 2016, the FASB issued ASU 2016-02, *Leases (ASC 842)*. The amendments in this ASU replace most of the existing U.S. GAAP lease accounting guidance in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. The ASU requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In July 2018, the FASB approved amendments to create an optional transition method that will provide an option to use the effective date of ASC 842 as the date of initial application of the transition. Under the new transition method, a reporting entity would initially apply the new lease requirements at the effective date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, continue to report comparative periods presented in the financial statements in the period of adoption in accordance with current U.S. GAAP (i.e., ASC 840, Leases) and provide the required disclosures under ASC 840 for all periods presented under current U.S. GAAP.

As part of the Company's assessment work to-date, the Company has formed an implementation work team to perform a comprehensive evaluation of the impact of the adoption of this guidance, which includes assessing the Company's lease portfolio, the impact to business processes and internal controls over financial reporting and the related disclosure requirements. Additionally, the Company has implemented lease accounting software to assist in the quantification of the expected impact on the Company's Consolidated Balance Sheet and to facilitate the calculations of the related accounting entries and disclosures, as well as to facilitate accounting, presentation and disclosure for all leases after the initial date of application under the new standard.

The Company will adopt ASC 842 during the first quarter of fiscal 2020 using the modified retrospective method. The new guidance will be applied to leases that exist or are entered into on or after July 1, 2019 without adjusting comparative periods in the financial statements. The Company will utilize the package of practical expedients under ASC 842, which allows entities to (1) not reassess whether any expired or existing contracts are or contain leases, (2) retain the classification of leases (e.g., operating or finance lease) existing as of the date of adoption and (3) not reassess initial direct costs for any existing leases. Based on the most recent assessment of existing leases, the Company expects to record lease liabilities in the range of $85,000 to $95,000, with a corresponding amount for the right-of-use assets, which will also be adjusted by reclassifications of existing assets and liabilities primarily related to deferred rent. The Company does not expect the adoption of ASC 842 to have a material impact on the Company's results of operations or cash flows.

In January 2017, the FASB, issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, which removes the second step of the goodwill impairment test that requires a hypothetical purchase price allocation. A goodwill impairment will now be the

amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This guidance is effective for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted for annual or any interim impairment tests with a measurement date on or after January 1, 2017. The adoption of this standard is not expected to have a material impact to the Company's consolidated financial statements.

3. CHIEF EXECUTIVE OFFICER SUCCESSION PLAN

On June 24, 2018, the Company entered into a CEO succession plan, whereby the Company's former CEO, Irwin D. Simon, agreed to terminate his employment with the Company upon the hiring of a new CEO (the "Succession Agreement").

On October 26, 2018, the Company's Board of Directors appointed Mark L. Schiller as President and CEO, succeeding Mr. Simon. In connection with the appointment, on October 26, 2018, the Company and Mr. Schiller entered into an employment agreement, which was approved by the Board, with Mr. Schiller's employment commencing on November 5, 2018. Accordingly, Mr. Simon's employment with the Company terminated on November 4, 2018.

Cash Separation Payments

The Succession Agreement provided Mr. Simon with a cash separation payment of $34,295 payable in a single lump sum and cash benefits continuation costs of $208. These costs were recognized from June 24, 2018 through November 4, 2018. Expense recognized in connection with these payments was $33,051 and $1,452 in the twelve months ended June 30, 2019 and 2018. The cash separation payment was paid on May 6, 2019.

Consulting Agreement

On October 26, 2018, the Company and Mr. Simon entered into a Consulting Agreement (the "Consulting Agreement") in order to, among other things, assist Mr. Schiller with his transition as the Company's incoming CEO. The term of the Consulting Agreement commenced on November 5, 2018 and continued until February 5, 2019. Mr. Simon was entitled to receive an aggregate consulting fee of $975 as compensation for his services during the consulting term, which was fully recognized in the Consolidated Statement of Operations as a component of "Chief Executive Officer Succession Plan expense, net" in the twelve months ended June 30, 2019.

Long Term Incentive Award

Mr. Simon was granted 164 total shareholder return ("TSR") performance based awards on September 26, 2017. The performance period was set to end on June 30, 2019. Under the Succession Agreement, he was entitled to compensation if the TSR components were met. The Succession Agreement modified Mr. Simon's award such that his award went from improbable of being earned to probable since the Succession Agreement allowed him to be eligible for the award while he is no longer an employee. Accordingly, the Company determined that a Type III modification pursuant to ASC 718 occurred. Therefore, in accordance with ASC 718, the Company determined the fair value of the replacement award as of the modification date, utilizing the Monte Carlo valuation model. As a result, the fair value of the TSR performance based awards granted on September 26, 2017 was reduced from $31.60 per share to $3.19 per share based on the lower likelihood of attainment, resulting in revised expense of $524, which was amortized on a straight-line basis from June 24, 2018 through November 4, 2018. In the fiscal year ended June 30, 2018, the Company reversed the previously recognized stock-based compensation expense of $2,244 and recognized $22 of stock-based compensation expense associated with the modified grant, resulting in a net reduction to stock-based compensation expense of $2,222 in the twelve months ended June 30, 2018 associated with the modification of this grant recognized in the Consolidated Statement of Operations. Additionally, the Succession Agreement allowed for acceleration of vesting of all service-based awards outstanding at the Succession Date. In connection with these accelerations, the Company recognized $19 in the twelve months ended June 30, 2018. In connection with the aforementioned items, the Company recorded a net benefit of $2,203 as a component of "Chief Executive Officer Succession Plan expense, net" in the twelve months ended June 30, 2018.

4. EARNINGS (LOSS) PER SHARE

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

	Fiscal Year Ended June 30,		
	2019	2018	2017
Numerator:			
Net (loss) income from continuing operations	$ (49,945)	$ 82,428	$ 65,541
Net (loss) income from discontinued operations, net of tax	$ (133,369)	$ (72,734)	$ 1,889
Net (loss) income	$ (183,314)	$ 9,694	$ 67,430
Denominator:			
Basic weighted average shares outstanding	104,076	103,848	103,611
Effect of dilutive stock options, unvested restricted stock and unvested restricted share units	—	629	637
Diluted weighted average shares outstanding	104,076	104,477	104,248
Basic net (loss) income per common share:			
Continuing operations	$ (0.48)	$ 0.79	$ 0.63
Discontinued operations	(1.28)	(0.70)	0.02
Basic net (loss) income per common share	$ (1.76)	$ 0.09	$ 0.65
Diluted net (loss) income per common share:			
Continuing operations	$ (0.48)	$ 0.79	$ 0.63
Discontinued operations	(1.28)	(0.70)	0.02
Diluted net (loss) income per common share	$ (1.76)	$ 0.09	$ 0.65

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

Due to our net loss in the twelve months ended June 30, 2019, all common stock equivalents such as stock options and unvested restricted stock awards have been excluded from the computation of diluted net loss per share because the effect would have been anti-dilutive to the computations. Diluted earnings per share for the fiscal years ended June 30, 2018 and 2017 includes the dilutive effects of common stock equivalents such as stock options and unvested restricted stock awards.

There were 3,625, 560 and 271 stock-based awards excluded from our diluted net (loss) income per share calculations for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, as such awards were contingently issuable based on market or performance conditions, and such conditions had not been achieved during the respective periods. Additionally, 659, 4 and 12 restricted stock awards were excluded from our diluted net (loss) income per share calculation for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, as such awards were anti-dilutive.

There were 110 potential shares of common stock issuable upon exercise of stock options excluded from our diluted net loss per share calculation for the fiscal year ended June 30, 2019, as they were anti-dilutive due to the net loss recorded in the period. No such awards were excluded for the fiscal years ended June 30, 2018 and 2017.

Share Repurchase Program

On June 21, 2017, the Company's Board of Directors authorized the repurchase of up to $250,000 of the Company’s issued and outstanding common stock. Repurchases may be made from time to time in the open market, pursuant to pre-set trading plans, in private transactions or otherwise. The authorization does not have a stated expiration date. The extent to which the Company repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations. The Company did not repurchase any shares under this program in fiscal 2019, 2018 or 2017, and accordingly, as of the end of fiscal 2019, we had $250,000 of remaining capacity under our share repurchase program.

5. DISCONTINUED OPERATIONS

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

The Company is presenting the operating results and cash flows of Hain Pure Protein within discontinued operations in the current and prior periods. The assets and liabilities of Hain Pure Protein are presented as assets and liabilities of discontinued operations in the Consolidated Balance Sheets for all periods presented.

The Company recorded reserves of $109,252 and $78,464 in fiscal years ended June 30, 2019 and 2018, respectively, to adjust the carrying value of Hain Pure Protein and Empire Kosher to its fair value, less its cost to sell, which is reflected in net (loss) income from discontinued operations, net of taxes in each respective period. The reserves were recorded due to negative market conditions in the sector, resulting in the Company lowering the projected long-term growth rate and profitability levels of HPPC and to adjust the carrying value of Hain Pure Protein to its estimated selling price.

Sale of Plainville Farms Business

On February 15, 2019, the Company completed the sale of substantially all of the assets used primarily for the Plainville Farms business (a component of HPPC), which included $25,000 in cash to the purchaser, for a nominal purchase price. In addition, the purchaser assumed the current liabilities of the Plainville Farms business as of the closing date. As a condition to consummating the sale, the Company entered into a Contingent Funding and Earnout Agreement, which provides for the issuance by the Company of an irrevocable stand-by letter of credit of $10,000 which expires nineteen months after issuance. The Company is entitled to receive an earnout not to exceed, in the aggregate, 120% of the maximum amount that the purchaser draws on the letter of credit at any point from the date of issuance through the expiration of the letter of credit. Earnout payments are based on a specified percentage of annual free cash flow achieved for all fiscal years ending on or prior to June 30, 2026. If a change in control of the purchaser occurs prior to June 30, 2026, the purchaser will pay the Company 120% of the difference between the amount drawn on the letter of credit less the sum of all earnout payments made prior to such time up to the net proceeds received by the purchaser. At June 30, 2019, the Company had not recorded an asset associated with the earnout. As a result of the disposition, the Company recognized a pre-tax loss on sale of $40,223, or $29,685 net of tax, in the twelve months ended June 30, 2019 to write down the assets and liabilities to the final sales price less costs to sell, inclusive of the $10,000 stand-by letter of credit.

Sale of HPPC and Empire Kosher

On June 28, 2019, the Company completed the sale of the remainder of HPPC and EK Holdings, which includes the FreeBird and Empire Kosher businesses. The purchase price, net of customary adjustments based on the closing balance sheet of HPPC, was $77,714. The Company used the proceeds from the sale to pay down outstanding borrowings under its term loan. As a result of the disposition, the Company recognized a pre-tax loss of $636 in the twelve months ended June 30, 2019 to write down the assets and liabilities to the final sales price less costs to sell.

The following table presents the major classes of Hain Pure Protein's line items constituting the "Net (loss) income from discontinued operations, net of tax" in our Consolidated Statements of Operations:

	Fiscal Year Ended June 30,		
	2019	2018	2017
Net sales	$ 408,109	$ 509,475	$ 509,606
Cost of sales	409,433	486,023	487,631
Gross (loss) profit	(1,324)	23,452	21,975
Asset impairments	109,252	78,464	—
Selling, general and administrative expense	16,384	18,743	19,180
Other expense	9,088	4,699	1,530
Loss on sale of discontinued operations before income taxes	40,859	—	—
Net (loss) income from discontinued operations before income taxes	(176,907)	(78,454)	1,265
Benefit for income taxes	(43,538)	(5,720)	(624)
Net (loss) income from discontinued operations, net of tax	$ (133,369)	$ (72,734)	$ 1,889

Assets and liabilities of discontinued operations presented in the Consolidated Balance Sheets as of June 30, 2018 are included in the following table:

ASSETS	June 30, 2018
Cash and cash equivalents	$ 6,460
Accounts receivable, less allowance for doubtful accounts	21,616
Inventories	105,359
Prepaid expenses and other current assets	5,604
Property, plant and equipment, net	83,776
Goodwill	41,089
Trademarks and other intangible assets, net	51,029
Other assets	4,382
Impairments of long-lived assets held for sale	(78,464)
Current assets of discontinued operations	$ 240,851
LIABILITIES	
Accounts payable	$ 31,762
Accrued expenses and other current liabilities	6,880
Deferred tax liabilities	11,111
Other noncurrent liabilities	93
Current liabilities of discontinued operations	$ 49,846

6. ACQUISITIONS

The Company accounts for acquisitions in accordance with ASC 805, *Business Combinations*. The results of operations of the acquisitions have been included in the consolidated results from their respective dates of acquisition. The purchase price of each acquisition is allocated to the tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. Acquisitions may include contingent consideration, the fair value of which is estimated on the acquisition date as the present value of the expected contingent payments, determined using weighted probabilities of possible payments. The fair values assigned to identifiable intangible assets acquired were determined primarily by using an income approach which was based on assumptions and estimates made by management. Significant assumptions utilized in the income approach were based on Company specific information and projections which are not observable in the market and are thus considered Level 3 measurements as defined by authoritative guidance. The excess of the purchase price over the fair value of the identified assets and liabilities has been recorded as goodwill.

The costs related to all acquisitions have been expensed as incurred and are included in "Project Terra costs and other" in the Consolidated Statements of Operations. Acquisition-related costs of $409 and $2,035 were expensed in the fiscal years ended June 30, 2018 and 2017, respectively. Acquisition-related costs for the fiscal year ended June 30, 2019 were de minimis. The expenses incurred primarily related to professional fees and other transaction related costs associated with our recent acquisitions.

Fiscal 2019

There were no acquisitions completed in the fiscal year ended June 30, 2019.

Fiscal 2018

On December 1, 2017, the Company acquired Clarks UK Limited ("Clarks"), a leading maple syrup and natural sweetener brand in the United Kingdom. Clarks produces natural sweeteners under the Clarks™ brand, including maple syrup, honey and carob, date and agave syrups, which are sold in leading retailers and used by food service and industrial customers in the United Kingdom. Consideration for the transaction, inclusive of a subsequent working capital adjustment, consisted of cash, net of cash acquired, totaling £9,179 (approximately $12,368 at the transaction date exchange rate). Additionally, contingent consideration of up to a maximum of £1,500 is payable based on the achievement of specified operating results over the 18-month period following completion of the acquisition. Clarks is included in our United Kingdom operating segment. Net sales and income before income taxes attributable to the Clarks acquisition included in our consolidated results for the fiscal year ended June 30, 2018 represented less than 1% of our consolidated results.

Fiscal 2017

On June 19, 2017, the Company acquired Sonmundo, Inc. d/b/a The Better Bean Company ("Better Bean"), which offers prepared beans and bean-based dips sold in refrigerated tubs under the Better Bean™ brand. Consideration for the transaction consisted of cash, net of cash acquired, totaling $3,434. Additionally, contingent consideration of up to a maximum of $4,000 is payable based on the achievement of specified operating results over the three-year period following the closing date. Better Bean is included in our Hain Ventures operating segment, which is part of the Rest of World segment. Net sales and income before income taxes attributable to the Better Bean acquisition and included in our consolidated results for the fiscal year ended June 30, 2017 were less than 1% of consolidated results.

On April 28, 2017, the Company acquired The Yorkshire Provender Limited ("Yorkshire Provender"), a producer of premium branded soups based in North Yorkshire in the United Kingdom. Yorkshire Provender supplies leading retailers, on-the-go food outlets and food service providers in the United Kingdom. Consideration for the transaction consisted of cash, net of cash acquired, totaling £12,465 (approximately $16,110 at the transaction date exchange rate). Additionally, contingent consideration of up to a maximum of £1,500 is payable based on the achievement of specified operating results at the end of the three-year period following the closing date. Yorkshire Provender is included in our United Kingdom operating and reportable segment. Net sales and income before income taxes attributable to Yorkshire Provender and included in our consolidated results for the fiscal year ended June 30, 2017 were less than 1% of consolidated results.

7. INVENTORIES

Inventories consisted of the following:

	June 30, 2019	June 30, 2018
Finished goods	$ 220,600	$ 231,926
Raw materials, work-in-progress and packaging	144,287	159,599
	$ 364,887	$ 391,525

At each period end, inventory is reviewed to ensure that it is recorded at the lower of cost or net realizable value. In the twelve months ended June 30, 2019, the Company recorded inventory write-downs of $12,381 in connection with the discontinuance of slow moving SKUs as part of a product rationalization initiative, $10,346 of which was recorded in the three months ended June 30, 2019.

In the twelve months ended June 30, 2018, the Company recorded an inventory write-down of $4,913 in connection with the discontinuance of slow moving SKUs as part of a product rationalization initiative.

8. PROPERTY, PLANT AND EQUIPMENT, NET

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

	June 30, 2019	June 30, 2018
Land	$ 26,892	$ 28,378
Buildings and improvements	89,534	83,289
Machinery and equipment	306,670	323,348
Computer hardware and software	52,655	54,092
Furniture and fixtures	18,501	17,894
Leasehold improvements	32,264	31,519
Construction in progress	35,786	17,280
	562,302	555,800
Less: Accumulated depreciation	233,940	245,628
	$ 328,362	$ 310,172

Depreciation expense for the fiscal years ended June 30, 2019, 2018, and 2017 was $32,872, $33,973 and $33,558, respectively.

During fiscal 2019, the Company determined that it was more likely than not that certain fixed assets of two of its manufacturing facilities would be sold or otherwise disposed of before the end of their estimated useful lives due to the Company’s decision to consolidate manufacturing of certain fruit-based and soup products in the United Kingdom. As such, the Company recorded a $6,166 non-cash impairment charge related to the closures of these facilities.

During fiscal 2019, the Company recorded non-cash impairment charges of $9,653 to write down the value of certain machinery and equipment no longer in use in the United States and United Kingdom, some of which was used to manufacture certain slow moving SKUs that were discontinued.

In fiscal 2018, the Company determined that it was more likely than not that certain fixed assets at three of its manufacturing facilities would be sold or otherwise disposed of before the end of their estimated useful lives due to the Company’s decision to utilize third-party manufacturers for two facilities in the United States and to consolidate manufacturing of certain soup products in the United Kingdom. As such, the Company recorded a $6,344 non-cash impairment charge primarily related to the closures of these facilities and included $3,767 as assets held for sale within “Prepaid expenses and other current assets” in its June 30, 2018 Consolidated Balance Sheet.

Additionally, the Company recorded a $2,057 non-cash impairment charge to write down the value of certain machinery and equipment used to manufacture certain slow moving SKUs in the United States that were discontinued and included $686 as assets held for sale within “Prepaid expenses and other current assets” in its June 30, 2018 Consolidated Balance Sheet.

In fiscal 2017, the Company determined that it was more likely than not that certain fixed assets at one of its manufacturing facilities in the United Kingdom would be sold or otherwise disposed of before the end of their estimated useful lives due to the Company's decision to exit its own-label chilled desserts business over the next twelve months. As such, the Company recorded a $23,712 non-cash impairment charge related to the long-lived assets associated with the own-label chilled desserts business to their estimated fair values, which was equal to its salvage value. Additionally, the Company recorded a $2,661 non-cash impairment charge related to fixed assets in the United States.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The following table shows the changes in the carrying amount of goodwill by business segment:

	United States	United Kingdom	Rest of World	Total
Balance as of June 30, 2017[1]	$ 588,333	$ 329,135	$ 101,424	$ 1,018,892
Acquisition activity	—	7,062	—	7,062
Reallocation of goodwill between reporting units[2]	(35,519)	35,519	—	—
Impairment charge	—	—	(7,700)	(7,700)
Translation and other adjustments, net	—	5,447	435	5,882
Balance as of June 30, 2018[3]	552,814	377,163	94,159	1,024,136
Translation and other adjustments, net	—	(14,344)	(813)	(15,157)
Balance as of June 30, 2019[3]	$ 552,814	$ 362,819	$ 93,346	$ 1,008,979

(1) The total carrying value of goodwill is reflected net of $126,577 of accumulated impairment charges, of which $97,358 related to the Company's United Kingdom operating segment and $29,219 related to the Company's Europe operating segment.

(2) Effective July 1, 2017, due to changes to the Company's internal management and reporting structure, the United Kingdom operations of the Ella's Kitchen® brand, which was previously included within the United States reportable segment, was moved to the United Kingdom reportable segment. Goodwill totaling $35,519 was reallocated to the United Kingdom reportable segment in connection with this change. See Note 1, Business, and Note 19, Segment Information, for additional information on the Company's operating and reportable segments.

(3) The total carrying value of goodwill is reflected net of $134,277 of accumulated impairment charges, of which $97,358 related to the Company's United Kingdom operating segment, $29,219 related to the Company's Europe operating segment and $7,700 related to the Company's Hain Ventures operating segment.

Additions during the fiscal year ended June 30, 2018 were due to the acquisition of Clarks on December 1, 2017.

The Company completed its annual goodwill impairment analysis in the fourth quarter of fiscal 2019, in conjunction with its budgeting and forecasting process for fiscal year 2020, and concluded that no indicators of impairment existed at any of its reporting units.

Other Intangible Assets

The following table sets forth balance sheet information for intangible assets, excluding goodwill, subject to amortization and intangible assets not subject to amortization:

	June 30, 2019	June 30, 2018
Non-amortized intangible assets:		
Trademarks and trade names[1]	$ 359,727	$ 385,609
Amortized intangible assets:		
Other intangibles	232,450	239,323
Less: accumulated amortization	(126,966)	(114,545)
Net carrying amount	$ 465,211	$ 510,387

(1) The gross carrying value of trademarks and trade names is reflected net of $83,734 and $65,834 of accumulated impairment charges as of June 30, 2019 and 2018, respectively.

Indefinite-lived intangible assets, which are not amortized, consist primarily of acquired trade names and trademarks. Indefinite-lived intangible assets are evaluated on an annual basis in conjunction with the Company's evaluation of goodwill, or on an interim basis if and when events or circumstances change that would more likely than not reduce the fair value of any of its indefinite-life intangible assets below their carrying value. In assessing fair value, the Company utilizes a "relief from royalty" methodology. This approach involves two steps: (i) estimating the royalty rates for each trademark and (ii) applying these royalty rates to a projected net sales stream and discounting the resulting cash flows to determine fair value. If the carrying value of the indefinite-lived intangible assets exceeds the fair value of the asset, the carrying value is written down to fair value in the period identified. In the second quarter of fiscal 2019, the Company determined that an indicator of impairment existed in certain of the Company's indefinite-lived tradenames. The result of this interim assessment indicated that the fair value of certain of the Company's tradenames was below their carrying value, and therefore an impairment charge of $17,900 was recognized ($11,300 in the United States segment, $3,813 in the Rest of World segment and $2,787 in the United Kingdom segment) during the fiscal year ended June 30, 2019. The result of the annual assessment for the year ended June 30, 2019 indicated that the fair value of the Company's trade names exceeded their carrying values and no indicators of impairment were present.

During the fiscal year ended June 30, 2018, an impairment charge of $5,632 ($5,100 in the Rest of World segment and $532 in the United Kingdom segment) related to certain of the Company's trade names was recognized.

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

	Fiscal Year Ended June 30,		
	2019	2018	2017
Amortization of intangible assets	$ 15,294	$ 18,202	$ 16,988

Expected amortization expense over the next five fiscal years is as follows:

	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
Estimated amortization expense	$ 13,916	$ 13,473	$ 12,770	$ 12,197	$ 9,646

The weighted average remaining amortization period of amortized intangible assets is 9.4 years.

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2019	June 30, 2018
Payroll, employee benefits and other administrative accruals	$ 80,338	$ 75,918
Facility, freight and warehousing accruals	21,402	20,970
Selling and marketing related accruals	7,399	15,546
Other accruals	9,801	3,567
	$ 118,940	$ 116,001

11. DEBT AND BORROWINGS

Debt and borrowings consisted of the following:

	June 30, 2019	June 30, 2018
Revolving credit facility	$ 420,575	$ 401,852
Term loan	206,250	296,250
Less: Unamortized issuance costs	(1,022)	(692)
Tilda short-term borrowing arrangements	8,687	9,338
Other borrowings	4,966	7,358
	639,456	714,106
Short-term borrowings and current portion of long-term debt	25,919	26,605
Long-term debt, less current portion	$ 613,537	$ 687,501

Credit Agreement

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

Borrowings under the Credit Agreement may be used to provide working capital, finance capital expenditures and permitted acquisitions, refinance certain existing indebtedness and for other lawful corporate purposes. The Credit Agreement provides for multicurrency borrowings in Euros, Pounds Sterling and Canadian Dollars as well as other currencies which may be designated. In addition, certain wholly-owned foreign subsidiaries of the Company may be designated as co-borrowers. The Credit Agreement contains restrictive covenants, which are usual and customary for facilities of its type, and include, with specified exceptions, limitations on the Company’s ability to engage in certain business activities, incur debt, have liens, make capital expenditures, pay dividends or make other distributions, enter into affiliate transactions, consolidate, merge or acquire or dispose of assets, and make certain investments, acquisitions and loans. The Credit Agreement also requires the Company to satisfy certain financial covenants. On the date the Credit Agreement was consummated, these covenants included maintaining a consolidated interest coverage ratio (as defined in the Credit Agreement) of no less than 4.0 to 1.0 and a consolidated leverage ratio (as defined in the Credit Agreement) of no more than 3.5 to 1.0. The consolidated leverage ratio is subject to a step-up to 4.0 to 1.0 for the four full fiscal quarters following an acquisition. Obligations under the Credit Agreement are guaranteed by certain existing and future domestic subsidiaries of the Company. As of June 30, 2019, there were $420,575 and $206,250 of borrowings outstanding under the revolving credit facility and term loan, respectively, and $9,698 letters of credit outstanding under the Amended Credit Agreement.

On November 7, 2018, the Company amended the Credit Agreement to modify the calculation of the consolidated leverage ratio related to costs associated with CEO succession as well as the Project Terra cost reduction programs.

On February 6, 2019, the Company entered into an amendment to the Credit Agreement, whereby its allowable consolidated leverage ratio increased to no more than 4.0 to 1.0 as of December 31, 2018 and no more than 3.75 to 1.0 as of March 31, 2019 and June 30, 2019. Under the terms of the February 6, 2019 amendment, the consolidated leverage ratio would return to 3.5 to 1.0 beginning in the period ending September 30, 2019.

On May 8, 2019, the Company entered into the Third Amendment to the Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”), whereby, among other things, its allowable consolidated leverage ratio increased to no more than 5.0 to 1.0 from March 31, 2019 to December 31, 2019, no more than 4.75 to 1.0 at March 31, 2020, no more than 4.25 to 1.0 at June 30, 2020 and no more than 4.0 to 1.0 on September 30, 2020 and thereafter. The allowable consolidated leverage ratio for each period was decreased by 0.25 upon sale of the Company’s remaining Hain Pure Protein business. Additionally, the Company’s required consolidated interest coverage ratio (as defined in the Credit Agreement) was reduced to no less than 3.0 to 1 through March 31, 2020, no less than 3.75 to 1 through March 31, 2021 and no less than 4.0 to 1 thereafter. As part of the Amended Credit Agreement, HPPC was released from its obligations as a borrower and a guarantor under the Credit Agreement.

The Amended Credit Agreement also required that the Company and the subsidiary guarantors enter into a Security and Pledge Agreement pursuant to which all of the obligations under the Amended Credit Agreement are secured by liens on assets of the

Company and its material domestic subsidiaries, including stock of each of their direct subsidiaries and intellectual property, subject to agreed upon exceptions.

As of June 30, 2019, $569,727 was available under the Amended Credit Agreement, and the Company was in compliance with all associated covenants, as amended by the Amended Credit Agreement.

The Amended Credit Agreement provides that loans will bear interest at rates based on (a) the Eurocurrency Rate, as defined in the Credit Agreement, plus a rate ranging from 0.875% to 2.50% per annum; or (b) the Base Rate, as defined in the Credit Agreement, plus a rate ranging from 0.00% to 1.50% per annum, the relevant rate being the Applicable Rate. The Applicable Rate will be determined in accordance with a leverage-based pricing grid, as set forth in the Amended Credit Agreement. Swing line loans and Global Swing Line loans denominated in U.S. dollars will bear interest at the Base Rate plus the Applicable Rate, and Global Swing Line loans denominated in foreign currencies shall bear interest based on the overnight Eurocurrency Rate for loans denominated in such currency plus the Applicable Rate. The weighted average interest rate on outstanding borrowings under the Amended Credit Agreement at June 30, 2019 was 4.20%. Additionally, the Amended Credit Agreement contains a Commitment Fee, as defined in the Amended Credit Agreement, on the amount unused under the Amended Credit Agreement ranging from 0.20% to 0.45% per annum, and such Commitment Fee is determined in accordance with a leverage-based pricing grid.

The term loan has required installment payments due on the last day of each fiscal quarter commencing June 30, 2018 in an amount equal to $3,750 and can be prepaid in whole or in part without premium or penalty.

On June 28, 2019, the Company completed the sale of the Company's remaining Hain Pure Protein business and utilized the proceeds from the sale, net of transaction related costs, to prepay a portion of the term loan. See Note 5, *Discontinued Operations,* for information on the sale of the Hain Pure Protein business. In connection with the prepayment of debt, the Company wrote-off unamortized issuance costs of $372.

Tilda Short-Term Borrowing Arrangements

Tilda, formerly a component of the Company's United Kingdom reportable segment, maintained short-term borrowing arrangements primarily used to fund the purchase of rice from India and other countries. The maximum borrowings permitted under all such arrangements were £52,000. Outstanding borrowings were collateralized by the current assets of Tilda, typically had six-month terms and bore interest at variable rates typically based on LIBOR plus a margin (weighted average interest rate of approximately 4.38% at June 30, 2019). As of June 30, 2019 and 2018, there were $8,687 and $9,338 of borrowings under these arrangements, respectively. See Note 21, *Subsequent Event,* for information on the sale of the Tilda business.

Maturities of all debt instruments at June 30, 2019, are as follows:

Due in Fiscal Year	Amount
2020	$ 25,919
2021	16,400
2022	15,204
2023	581,775
2024	47
Thereafter	111
	$ 639,456

Interest paid during the fiscal years ended June 30, 2019, 2018 and 2017 amounted to $33,751, $24,168 and $18,819, respectively.

12. INCOME TAXES

The components of (loss) income from continuing operations before income taxes and equity in net loss (income) of equity-method investees were as follows:

	Fiscal Year Ended June 30,		
	2019	2018	2017
Domestic	$ (134,096)	$ (13,936)	$ 47,781
Foreign	82,109	95,138	40,097
Total	$ (51,987)	$ 81,202	$ 87,878

The (benefit) provision for income taxes consisted of the following:

	Fiscal Year Ended June 30,		
	2019	2018	2017
Current:			
Federal	$ 3,639	$ (1,309)	$ 18,331
State and local	760	1,383	(293)
Foreign	18,694	20,542	14,884
	23,093	20,616	32,922
Deferred:			
Federal	(24,045)	(22,612)	(3,198)
State and local	1,188	1,973	960
Foreign	(2,933)	(864)	(8,218)
	(25,790)	(21,503)	(10,456)
Total	$ (2,697)	$ (887)	$ 22,466

For the fiscal year ended June 30, 2019, the Company paid cash for income taxes, net of refunds, of $22,535. Cash paid for income taxes, net of (refunds), during the fiscal years ended June 30, 2018 and 2017 amounted to $24,284 and $(2,900), respectively.

The reconciliation of the U.S. federal statutory rate to our effective rate on income before provision (benefit) for income taxes was as follows:

	Fiscal Year Ended June 30,					
	2019	%	2018	%	2017	%
Expected United States federal income tax at statutory rate	$ (10,917)	21.0 %	$ 22,818	28.1 %	$ 30,757	35.0 %
State income taxes, net of federal (benefit) provision	(9,793)	18.8 %	2,774	3.4 %	2,757	3.1 %
Domestic manufacturing deduction	—	— %	—	— %	(846)	(1.0)%
Foreign income at different rates	205	(0.4)%	(7,174)	(8.8)%	(6,539)	(7.4)%
Impairment of goodwill and intangibles	—	— %	1,816	2.2 %	—	— %
Change in valuation allowance	9,810	(18.9)%	119	0.1 %	(60)	(0.1)%
Unrealized foreign exchange losses	—	— %	—	— %	807	0.9 %
Change in reserves for uncertain tax positions	841	(1.6)%	(3,859)	(4.8)%	(4,417)	(5.0)%
Tax Act's transition tax (a)	6,834	(13.1)%	7,054	8.7 %	—	— %
Tax Act's impact of deferred taxes (b)	—	— %	(25,006)	(30.8)%	—	— %
Global Intangible Low Taxed Income	3,872	(7.4)%	—	— %	—	— %
Reduction of deferred tax liabilities resulting from change in United Kingdom tax rate	—	— %	—	— %	(1,841)	(2.1)%
Other	(3,549)	6.8 %	571	0.8 %	1,848	2.2 %
(Benefit) provision for income taxes	$ (2,697)	5.2 %	$ (887)	(1.1)%	$ 22,466	25.6 %

(a) For the year ended June 30, 2018, the Company accrued a provisional estimate of $7,054 of tax expense for the Tax Act's one-time transition tax on the foreign subsidiaries' accumulated, unremitted earnings in accordance with U.S. Securities and Exchange Commission's Staff Accounting Bulletin ("SAB 118"). Additionally, during fiscal year June 30, 2019, the Company recorded $6,834 of tax expense upon finalizing its analysis of the impact from the Tax Act.

(b) For the year ended June 30, 2018, the Company accrued $25,006 in provisional tax benefit related to the net change in deferred tax liabilities stemming from the Tax Cuts and Jobs Act's (the "Tax Act") reduction of the U.S. federal tax rate from 35% to 21% and disallowance of certain incentive based compensation tax deductibility under Internal Revenue Code 162(m). There was an immaterial tax benefit recorded for the period ended June 30, 2019 related to return to provision adjustments.

With the effective date of January 1, 2018, the Tax Act also introduced a provision to tax global intangible low-taxed income ("GILTI") of foreign subsidiaries and a measure to tax certain intercompany payments under the base erosion anti-abuse tax "BEAT" regime. For the fiscal year ended June 30, 2019, the Company did not generate intercompany transactions that met the BEAT threshold but did generate GILTI tax. The Company elected to account for GILTI tax as a current period cost and recorded an expense of $3,872 during the fiscal year ended June 30, 2019.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. Deferred tax assets and liabilities consisted of the following:

	June 30, 2019	June 30, 2018
Noncurrent deferred tax assets/(liabilities):		
Basis difference on inventory	$ 9,128	$ 9,139
Reserves not currently deductible	23,518	11,060
Basis difference on intangible assets	(92,923)	(97,365)
Basis difference on property and equipment	(6,060)	(8,444)
Other comprehensive income	502	(133)
Net operating loss and tax credit carryforwards	73,976	18,276
Stock-based compensation	827	1,348
Other	3,985	41
Valuation allowances	(34,912)	(20,831)
Noncurrent deferred tax liabilities, net(1)	$ (21,959)	$ (86,909)

(1) Includes $29,951 of non-current deferred tax assets included within Other Assets on the June 30, 2019 consolidated balance sheet.

At June 30, 2019 and 2018, the Company had U.S. federal net operating loss ("NOL") carryforwards of approximately $201,242 and $23,057, respectively, the majority of which will not expire until 2036. Certain of these federal loss carryforwards are subject to Internal Revenue Code Section 382 which imposes limitations on utilization following certain changes in ownership of the entity generating the loss carryforward. The Company had foreign NOL carryforwards of approximately $23,761 and $30,065 at June 30, 2019 and 2018, respectively, the majority of which are indefinite lived.

At June 30, 2019, the Company utilized the U.S. federal foreign tax credit carryforward of approximately $877.

The company historically considered the undistributed earnings of its foreign subsidiaries to be indefinitely reinvested and as a result has not provided for taxes on such earnings. The company has not changed previous indefinite reinvestment assertion following the enactment of the Tax Act, which required a one-time transition tax for deemed repatriation of accumulated undistributed earnings of certain foreign subsidiaries. At June 30, 2019, cumulative undistributed earnings of foreign subsidiaries were approximately $289,076 which partially have been already subjected to U.S. transition tax as part of the Tax Act. If the company determines that all or a portion of its foreign earnings are no longer indefinitely reinvested, then the company may be subject to additional foreign withholding taxes and U.S. state income taxes, beyond the Tax Act's one-time transition tax.

As required by the authoritative guidance on accounting for income taxes, the Company evaluates the realizability of deferred tax assets on a jurisdictional basis at each reporting date. Accounting for income taxes requires that a valuation allowance be established when it is more likely than not that all or a portion of the deferred tax assets will not be realized. In circumstances where there is sufficient negative evidence indicating that the deferred tax assets are not more likely than not realizable, we establish a valuation allowance. We have recorded valuation allowances in the amounts of $34,912 and $20,831 at June 30, 2019 and 2018, respectively. During fiscal 2019, we recorded a partial valuation allowance against our state deferred tax assets and state net operating loss carryforwards as it is not more likely than not that the state tax attributes will be realized.

The changes in valuation allowances against deferred income tax assets were as follows:

	Fiscal Year Ended June 30,	
	2019	2018
Balance at beginning of year	$ 20,831	$ 20,712
Additions charged to income tax expense	17,773	1,251
Reductions credited to income tax expense	(3,231)	(1,345)
Currency translation adjustments	(461)	213
Balance at end of year	$ 34,912	$ 20,831

Unrecognized tax benefits activity, including interest and penalties, is summarized below:

	Fiscal Year Ended June 30,		
	2019	2018	2017
Balance at beginning of year	$ 6,730	$ 11,602	$ 16,019
Additions based on tax positions related to the current year	248	118	217
Additions based on tax positions related to prior years	5,446	—	—
Reductions due to lapse in statute of limitations and settlements	(555)	(4,990)	(4,634)
Balance at end of year	$ 11,869	$ 6,730	$ 11,602

As of June 30, 2019, the Company had $11,869 of unrecognized tax benefits, of which $8,057 represents the amount that, if recognized, would impact the effective tax rate in future periods. As of June 30, 2018 and 2017, the Company had $6,730 and $11,602, respectively, of unrecognized tax benefits of which $2,917 and $6,409, respectively, would impact the effective income tax rate in future periods. Accrued liabilities for interest and penalties were $275 and $82 at June 30, 2019 and 2018, respectively. Interest and penalties (expense and/or benefit) are recorded as a component of the provision (benefit) for income taxes in the consolidated financial statements.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various U.S. state jurisdictions and several foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to fiscal 2016. However, to the extent we generated NOLs or tax credits in closed tax years, future use of the NOL or tax credit carryforward balance would be subject to examination within the relevant statute of limitations for the year in which utilized. The Company is no longer subject to tax examinations in the United Kingdom for years prior to fiscal 2016. Given the uncertainty regarding when tax authorities will complete their examinations and the possible outcomes of their examinations, a current estimate of the range of reasonably possible significant increases or decreases of income tax that may occur within the next twelve months cannot be made. Although there are various tax audits currently ongoing, the Company does not believe the ultimate outcome of such audits will have a material impact on the Company’s consolidated financial statements.

13. STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue "blank check" preferred stock of up to 5,000 shares with such designations, rights and preferences as may be determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered to issue, without stockholder approval, preferred stock with dividends, liquidation, conversion, voting or other rights which could decrease the amount of earnings and assets available for distribution to holders of the Company's Common Stock. At June 30, 2019 and 2018, no preferred stock was issued or outstanding.

Accumulated Other Comprehensive Income (Loss)

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

	Fiscal Year Ended June 30,	
	2019	2018
Foreign currency translation adjustments:		
Other comprehensive (loss) income before reclassifications [1]	$ (41,180)	$ 11,497
Deferred gains/(losses) on cash flow hedging instruments:		
Other comprehensive income before reclassifications	94	39
Amounts reclassified into income [2]	(26)	(106)
Unrealized gain on equity investment:		
Other comprehensive loss before reclassifications	—	(191)
Other comprehensive (loss) income	$ (41,112)	$ 11,239

(1) Foreign currency translation adjustments included intra-entity foreign currency transactions that were of a long-term investment nature and were a loss of $619 and a gain of $493 for the fiscal years ended June 30, 2019 and 2018, respectively.

(2) Amounts reclassified into income for deferred gains/(losses) on cash flow hedging instruments are recorded in "Cost of sales" in the Consolidated Statements of Operations and, before taxes, were $32 and $132 for the fiscal years ended June 30, 2019 and 2018, respectively.

14. STOCK-BASED COMPENSATION AND INCENTIVE PERFORMANCE PLANS

The Company has one shareholder-approved plan, the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan, under which the Company's officers, senior management, other key employees, consultants and directors may be granted options to purchase the Company's common stock or other forms of equity-based awards. The Company also grants shares under its 2019 Equity Inducement Award Program to induce selected individuals to become employees of the Company.

2002 Long-Term Incentive and Stock Award Plan, as amended

In November 2002, our stockholders approved the 2002 Long-Term Incentive and Stock Award Plan. An aggregate of 3,200 shares of common stock were originally reserved for issuance under this plan. At various Annual Meetings of Stockholders, including the 2014 Annual Meeting, the plan was amended to increase the number of shares issuable to 31,500 shares. The plan provides for the granting of stock options, stock appreciation rights, restricted stock, restricted share units, performance shares, performance share units and other equity awards to employees, directors and consultants. Awards denominated in shares of common stock other than options and stock appreciation rights will be counted against the available share limit as two and seven hundredths shares for every one share covered by such award. All of the options granted to date under the plan have been incentive or non-qualified stock options providing for the exercise price equal to the fair market price at the date of grant. Stock option awards granted under the plan expire seven years after the date of grant. Options and other stock-based awards vest in accordance with provisions set forth in the applicable award agreements. No awards shall be granted under this plan after November 20, 2024. As of June 30, 2019, no options are outstanding under the plan.

There were no options granted under this plan in fiscal years 2019, 2018 or 2017.

There were 1,626, 685 and 195 shares of restricted stock and restricted share units granted under this plan during fiscal years 2019, 2018 and 2017, respectively, of which 1,130, 307 and 0, respectively, are subject to the achievement of minimum performance goals established under those programs or market conditions.

At June 30, 2019, 1,898 unvested restricted stock and restricted share units were outstanding under this plan, and there were 3,774 shares available for grant under this plan. At June 30, 2019, there were no options outstanding under this plan.

Other Plans

At June 30, 2019, there were 122 options outstanding that were granted under a prior Celestial Seasonings plan. Although no further awards can be granted under the prior Celestial Seasonings plan, the options outstanding continue in accordance with the terms of the plan and grants.

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

	Fiscal Year Ended June 30,		
	2019	2018	2017
Selling, general and administrative expense	$ 9,503	$ 13,380	$ 9,658
Chief Executive Officer Succession Plan expense, net	429	(2,203)	—
Discontinued operations	133	—	—
Total compensation cost recognized for stock-based compensation plans	$ 10,065	$ 11,177	$ 9,658
Related income tax benefit	$ 1,189	$ 2,165	$ 3,622

In the fiscal year ended June 30, 2019, the Company recorded a benefit of $1,867 related to the reversal of expense associated with the total share return ("TSR") Grant under the 2017-2019 LTIP, as defined and discussed further below.

In the fiscal year ended June 30, 2018, the Company recorded a net benefit of $2,203 primarily in connection with the modification of Irwin D. Simon's TSR performance based awards granted on September 26, 2017. Refer to Note 3, *Chief Executive Officer Succession Plan*, for further discussion.

Restricted Stock

Awards of restricted stock may be either grants of restricted stock or restricted share units that are issued at no cost to the recipient. For restricted stock grants, at the date of grant the recipient has all rights of a stockholder, subject to certain restrictions on transferability and a risk of forfeiture. For restricted share units, legal ownership of the shares is not transferred to the employee until the unit vests. Restricted stock and restricted share unit grants vest in accordance with provisions set forth in the applicable award agreements, which may include performance criteria for certain grants. The compensation cost of these awards is determined using the fair market value of the Company's common stock on the date of the grant. Compensation expense for restricted stock awards with a service condition is recognized on a straight-line basis over the vesting term. Compensation expense for restricted stock awards with a performance condition is recorded when the achievement of the performance criteria is probable and is recognized over the performance and vesting service periods.

A summary of the restricted stock and restricted share units activity for the three fiscal years ended June 30 is as follows:

	2019	Weighted Average Grant Date Fair Value (per share)	2018	Weighted Average Grant Date Fair Value (per share)	2017	Weighted Average Grant Date Fair Value (per share)
Non-vested restricted stock and restricted share units - beginning of year	1,057	$22.29	992	$27.59	1,121	$28.24
Granted	4,088	$7.11	685	$26.13	195	$33.68
Vested	(411)	$27.36	(433)	$36.68	(290)	$33.89
Forfeited	(374)	$18.33	(187)	$31.15	(34)	$29.88
Non-vested restricted stock and restricted share units - end of year	4,360	$7.92	1,057	$22.29	992	$27.59

	Fiscal Year Ended June 30,		
	2019	2018	2017
Fair value of restricted stock and restricted share units granted	$ 29,067	$ 17,898	$ 6,567
Fair value of shares vested	$ 11,232	$ 15,736	$ 9,866
Tax benefit recognized from restricted shares vesting	$ 3,241	$ 5,235	$ 3,768

At June 30, 2019, $23,942 of unrecognized stock-based compensation expense, net of estimated forfeitures, related to non-vested restricted stock awards was expected to be recognized over a weighted-average period of approximately 2.1 years.

Stock Options

A summary of the stock option activity for the three fiscal years ended June 30 is as follows:

	2019	Weighted Average Exercise Price	2018	Weighted Average Exercise Price	2017	Weighted Average Exercise Price
Outstanding at beginning of year	122	$ 2.26	122	$ 2.26	342	$ 6.66
Exercised	—	$ —	—	$ —	(220)	$ 9.10
Outstanding at end of year	122	$ 2.26	122	$ 2.26	122	$ 2.26
Options exercisable at end of year	122	$ 2.26	122	$ 2.26	122	$ 2.26

	Fiscal Year Ended June 30,		
	2019	2018	2017
Intrinsic value of options exercised	$ —	$ —	$ 6,507
Cash received from stock option exercises	$ —	$ —	$ —
Tax benefit recognized from stock option exercises	$ —	$ —	$ 2,538

For options outstanding and exercisable at June 30, 2019, the aggregate intrinsic value (the difference between the closing stock price on the last day of trading in the year and the exercise price) was $2,394, and the weighted average remaining contractual life was 12.0 years. At June 30, 2019, there was no unrecognized compensation expense related to stock option awards.

Long-Term Incentive Plan

The Company maintains a long-term incentive program (the "LTI Plan"). The LTI Plan currently consists of four performance-based long-term incentive plans (the "2016-2018 LTIP", "2017-2019 LTIP", "2018-2020 LTIP" and "2019-2021 LTIP") that provide for performance equity awards that can be earned over defined performance periods. Participants in the LTI Plan include certain of the Company's executive officers and other key executives.

The Compensation Committee administers the LTI Plan and is responsible for, among other items, selecting the specific performance measures for awards and setting the target performance required to receive an award after the completion of the performance period. The Compensation Committee determines the specific payout to the participants. Any such stock-based awards shall be issued pursuant to and be subject to the terms and conditions of the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan, as in effect and as amended from time-to-time, and the 2019 Equity Inducement Award Program, as applicable.

Grants Made Pursuant to the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan

2019-2021 LTIP

On January 24, 2019, upon adoption of the 2019-2021 LTIP, the Compensation Committee granted 912 performance share units ("PSUs"), the achievement of which is dependent upon a defined calculation of relative TSR over the period from November 6, 2018 to November 6, 2021. The PSUs granted represent 100% of the targeted award and will vest pursuant to the achievement of pre-established three-year compound annual TSR levels that are aligned with the CEO inducement grant (as further discussed below). The number of shares actually issued will range from zero to 300% of the shares granted. No PSUs will vest if the three-year compound annual TSR is below 15%. Of the 912 PSUs issued, 451 are subject to a holding period of one year after the vesting date. As such, an illiquidity discount was applied to the grant date fair value for those shares subject to the one year holding period. The total grant date fair value with and without the illiquidity discount was estimated to be $5.99 and $5.26 per share, respectively. The total grant date fair value of this award was $5,132. Total compensation cost related to this PSU award was $872 in the twelve months ended June 30, 2019.

The Company also issued 156 three-year time-based restricted share units under the 2019-2021 LTIP.

2018-2020 LTIP

Upon adoption of the 2018-2020 LTIP, the Compensation Committee granted 45 PSUs, the achievement of which is dependent upon a defined calculation of relative TSR over the period from January 24, 2019 to June 30, 2020. The total grant date fair value of this award was estimated to be $18.32 per share, or $819.

2016-2018 and 2017-2019 LTIP

Upon adoption of the 2016-2018 LTIP and 2017-2019 LTIP, the Compensation Committee granted PSUs to each participant, the achievement of which is dependent upon a defined calculation of relative TSR over the period from July 1, 2015 to June 30, 2018 and from July 1, 2017 to June 30, 2019 (the "TSR Grant"), respectively. The grant date fair value for these awards was separately estimated based on a Monte Carlo simulation that calculated the likelihood of goal attainment. Each performance unit translates into one unit of common stock. The TSR Grant represents half of each participant's target award. The other half of the 2016-2018 LTIP and 2017-2019 LTIP is based on the Company's achievement of specified net sales growth targets over the respective three-year period. If the targets are achieved, the award in connection with the 2017-2019 LTIP may be paid only in unrestricted shares of the Company's common stock.

In the first quarter of fiscal 2019, in connection with the 2016-2018 LTIP, for the three-year performance period of July 1, 2015 through June 30, 2018, the Compensation Committee determined that the adjusted operating income goal required to be met for Section 162(m) funding was not achieved and determined that no awards would be paid or vested pursuant to the 2016-2018 LTIP. Accordingly, the 223 unvested performance stock unit awards previously granted in connection with the relative TSR portion of the award were forfeited, and amounts accrued relating to the net sales portion of the award were reversed. As such, in the first quarter of fiscal 2019, the Company recorded a benefit of $6,482 associated with the reversal of previously accrued amounts under the net sales portion of the 2016-2018 LTIP, of which $5,065 was recorded in Chief Executive Officer Succession Plan expense, net on the Consolidated Statements of Operations.

In connection with the 2017-2019 LTIP, in the first quarter of fiscal 2019, the Company determined that the achievement of the adjusted operating income goal required to be met for Section 162(m) funding was not probable. Accordingly, in the first quarter of fiscal 2019, the Company recorded benefits of $1,129 and $1,867 associated with the reversal of previously accrued amounts under the portions of the 2017-2019 LTIP that were dependent on the achievement of pre-determined performance measures of net sales and relative TSR, respectively.

Other Grants

In the twelve months ended June 30, 2019, the Company granted 262 time-based restricted share units to certain key employees and members of the Company’s Board of Directors that vest primarily over three years. Additionally, the Company issued 173 PSUs to certain key executives vesting over a period of one to two years based upon the achievement of certain market and/or performance based metrics being met.

Grants Made Pursuant to the 2019 Equity Inducement Award Program

The primary purpose of the 2019 Equity Inducement Award Program is to further the long term stability and success of the Company by providing a program to reward selected individuals newly hired as employees of the Company with grants of inducement awards. Shares issued under this program are granted outside of the Amended and Restated 2002 Long-Term Incentive and Stock Award Plan. At June 30, 2019, 1,412 unvested restricted stock and restricted share units were outstanding under this plan, and there were 1,588 shares available for grant under this plan.

In the twelve months ended June 30, 2019, the Compensation Committee granted 1,398 PSUs to selected individuals hired as employees of the Company, the achievement of which is dependent upon a defined calculation of relative TSR over the period from November 6, 2018 to November 6, 2021. The PSUs granted represent 300% of the targeted award and will vest pursuant to the achievement of pre-established three-year compound annual TSR levels, which are aligned with the CEO Inducement Grant (defined and discussed further below). Additionally, 14 time-based restricted share units were granted under the 2019 Equity Inducement Award Program in fiscal 2019.

The number of PSUs expected to be earned, based upon the achievement of the TSR market condition, is factored into the grant date Monte Carlo valuation. Compensation expense is recognized on a straight-line basis over the service period, regardless of the eventual number of PSUs that are earned based upon the market condition, provided that each grantee remains an employee at the end of the performance period. Compensation expense is reversed if at any time during the service period a grantee is no longer an employee. With the exception of the April 25, 2019 grant, these PSUs are subject to a holding period of one year after the vesting date. As such, an illiquidity discount was applied to the grant date fair value.

Grant Date	Shares Issued	Fair Value Per Share	Grant Date Fair Value
February 19, 2019	739	$ 1.79	$ 1,324
March 29, 2019	187	$ 3.01	563
April 15, 2019	136	$ 2.83	$ 385
April 25, 2019	123	$ 2.64	325
May 15, 2019	213	$ 3.55	$ 755
Total	1,398		$ 3,352

The fair value per share amounts reflect the number of shares granted at 300% of the target award. The total number of shares actually issued will range from zero to 1,398. No PSUs will vest if the three-year compound annual TSR is below 15%.

Total compensation cost related to these awards recognized in the fiscal year ended June 30, 2019 was $289.

CEO Inducement Grant

On November 6, 2018, Mr. Schiller received an award of 1,050 PSUs intended to represent the total three-year long-term incentive opportunity that would have been made in fiscal years 2019 – 2021. The PSUs will vest pursuant to the achievement of pre-established three-year compound annual TSR levels. The number of shares actually issued will range from zero to 1,050. No PSUs will vest if the three-year compound annual TSR is below 15%. This award was granted outside of Amended and Restated 2002 Long-Term Incentive and Stock Award Plan and the 2019 Equity Inducement Award Program.

The number of PSUs expected to be earned, based upon the achievement of the TSR market condition, is factored into the grant date Monte Carlo valuation. Compensation expense is recognized on a straight-line basis over the three-year service period, regardless of the eventual number of PSUs that are earned based upon the market condition, provided Mr. Schiller remains an employee at the end of the three-year period. Compensation expense is reversed if at any time during the three-year service period Mr. Schiller is no longer an employee, subject to certain termination and change in control eligibility provisions. These PSUs are subject to a holding period of one year after the vesting date. As such, an illiquidity discount was applied to the grant date fair value. The total grant date fair value of the award was estimated to be $7,571, or $7.21 per share.

Total compensation cost related to this award recognized in the fiscal year ended June 30, 2019 was $1,636.

The Company also issued 79 three-year time-based restricted share units to Mr. Schiller.

15. INVESTMENTS AND JOINT VENTURES

Equity method investment

On October 27, 2015, the Company acquired a 14.9% interest in Chop't Creative Salad Company LLC ("Chop't"). Chop't develops and operates fast-casual, fresh salad restaurants in the Northeast and Mid-Atlantic United States. Chop't markets and sells certain of the Company's branded products and provides consumer insight and feedback. The investment is being accounted for as an equity method investment due to the Company's representation on the Board of Directors. During fiscal 2018, the Company's ownership interest was reduced to 13.4% due to the distribution of additional ownership interests. Further ownership interest distributions could potentially dilute the Company's ownership interest to as low as 11.9%. At June 30, 2019 and June 30, 2018, the carrying value of the Company's investment in Chop't was $14,632 and $15,524, respectively, and is included in the Consolidated Balance Sheets as a component of "Investments and joint ventures."

16. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

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

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

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

The following table presents by level within the fair value hierarchy assets and liabilities measured at fair value on a recurring basis as of June 30, 2018:

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash equivalents	$ 99	$ 99	$ —	$ —
Forward foreign currency contracts	365	—	365	—
Equity investment	692	692	—	—
	$ 1,156	$ 791	$ 365	$ —
Liabilities:				
Forward foreign currency contracts	27	—	27	—
Contingent consideration, non-current	1,909	—	—	1,909
Total	$ 1,936	$ —	$ 27	$ 1,909

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

The Company estimates the original fair value of the contingent consideration as the present value of the expected contingent payments, determined using the weighted probabilities of the possible payments. The Company reassesses the fair value of contingent payments on a periodic basis. Although the Company believes its estimates and assumptions are reasonable, different assumptions, including those regarding the operating results of the respective businesses, or changes in the future may result in different estimated amounts.

In connection with the acquisitions of Better Bean and Yorkshire Provender during fiscal 2017, payments of a portion of the respective purchase prices were contingent upon the achievement of certain operating results. Contingent consideration of up to a maximum of $4,000 related to the Better Bean acquisition is payable based on the achievement of specified operating results over the three years following the closing date. Contingent consideration of up to a maximum of £1,500 related to the Yorkshire Provender acquisition is payable based on the achievement of specified operating results at the end of the three-year period following the closing date.

In connection with the acquisition of Clarks during fiscal 2018, payment of a portion of the purchase price is contingent upon the achievement of certain operating results. Contingent consideration of up to a maximum of £1,500 is payable based on the achievement of specified operating results over the 18-month period following completion of the acquisition.

The following table summarizes the Level 3 activity:

	Fiscal Year Ended June 30,	
	2019	**2018**
Balance at beginning of year	$ 1,909	$ 2,656
Fair value of initial contingent consideration	—	1,547
Contingent consideration adjustment(1)	(1,870)	(2,281)
Translation adjustment	(39)	(13)
Balance at end of year	$ —	$ 1,909

(1) The change in the fair value of contingent consideration is included in "Project Terra costs and other" in the Company's Consolidated Statements of Operations.

In the fiscal years ended June 30, 2019 and 2018, the Company recorded net benefits of $1,870 and $2,281, respectively. The net benefit in the fiscal year ended June 30, 2019 was due to a decrease in the fair value of contingent consideration related to Clarks. The net benefit in the fiscal year ended June 30, 2018 was due to a decrease in the fair value of contingent consideration related

to Better Bean and Yorkshire Provender. The decreases in each period were due to lower probability of achievement of specified operating results.

There were no transfers of financial instruments between the three levels of fair value hierarchy during the fiscal years ended June 30, 2019 or 2018.

The carrying amount of cash and cash equivalents, accounts receivable, net, accounts payable and certain accrued expenses and other current liabilities approximate fair value due to the short-term maturities of these financial instruments. The Company's debt approximates fair value due to the debt bearing fluctuating market interest rates (See Note 11, *Debt and Borrowings*).

Derivative Instruments

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

Derivative instruments designated at inception as hedges are measured for effectiveness at the inception of the hedge and on a quarterly basis. These assessments determine whether derivatives designated as qualifying hedges continue to be highly effective in off-setting changes in the cash flows of hedged items. Any ineffective portion of change in fair value is not deferred in accumulated other comprehensive income and is included in current period results. The Company will discontinue cash flow hedge accounting when the forecasted transaction is no longer probable of occurring on the originally forecasted date or when the hedge is no longer effective. There were no discontinued foreign exchange hedges for the fiscal years ended June 30, 2019 and June 30, 2018.

The notional and fair value amounts of cash flow hedges at June 30, 2019 were $2,275 and $83 of net assets, respectively. There were no cash flow hedges or fair value hedges outstanding as of June 30, 2018.

The notional amounts of foreign currency exchange contracts not designated as hedges at June 30, 2019 and June 30, 2018 were $41,845 and $20,986, respectively. The fair values of foreign currency exchange contracts not designated as hedges at June 30, 2019 and June 30, 2018 were $440 and $338 of net assets, respectively.

Gains and losses related to both designated and non-designated foreign currency exchange contracts are recorded in the Company's Consolidated Statements of Operations based upon the nature of the underlying hedged transaction and were not material in the fiscal years ended June 30, 2019 and 2018.

17. COMMITMENTS AND CONTINGENCIES

Lease commitments and rent expense

The Company leases office, manufacturing and warehouse space. These leases provide for additional payments of real estate taxes and other operating expenses over a base period amount.

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

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

Rent expense charged to operations for the fiscal years ended June 30, 2019, 2018 and 2017 was $37,091, $36,054 and $35,153, respectively.

Off Balance Sheet Arrangements

At June 30, 2019, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K that have had, or are likely to have, a material current or future effect on our consolidated financial statements.

Legal Proceedings

Securities Class Actions Filed in Federal Court

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

Stockholder Derivative Complaints Filed in State Court

On September 16, 2016, a stockholder derivative complaint, *Paperny v. Heyer, et al.* (the "Paperny Complaint"), was filed in New York State Supreme Court in Nassau County against the Board of Directors and certain officers of the Company alleging breach of fiduciary duty, unjust enrichment, lack of oversight and corporate waste. On December 2, 2016 and December 29, 2016, two additional stockholder derivative complaints were filed in New York State Supreme Court in Nassau County against the Board of Directors and certain officers under the captions *Scarola v. Simon* (the "Scarola Complaint") and *Shakir v. Simon* (the "Shakir Complaint" and, together with the Paperny Complaint and the Scarola Complaint, the "Derivative Complaints"), respectively. Both the Scarola Complaint and the Shakir Complaint alleged breach of fiduciary duty, lack of oversight and unjust enrichment. On February 16, 2017, the parties for the Derivative Complaints entered into a stipulation consolidating the matters under the caption *In re The Hain Celestial Group* (the "Consolidated Derivative Action") in New York State Supreme Court in Nassau County, ordering the Shakir Complaint as the operative complaint. On November 2, 2017, the parties agreed to stay the Consolidated Derivative Action. Co-Lead Plaintiffs requested leave to file an amended consolidated complaint, and on January 14, 2019, the Court partially lifted the stay, ordering Co-Lead Plaintiffs to file their amended complaint by March 7, 2019. Co-Lead Plaintiffs filed a Verified Amended Shareholder Derivative Complaint on March 7, 2019. The Court continued the stay pending a decision on Defendants' motion to dismiss in the Consolidated Securities Action (referenced above). After the Court in the Consolidated Securities Action dismissed the Amended Complaint, the Court in the Consolidated Derivative Action ordered Co-Lead Plaintiffs to file a second amended complaint no later than July 8, 2019. Co-Lead Plaintiffs filed a Verified Second Amended Shareholder Derivative Complaint on July 8, 2019 (the "Second Amended Derivative Complaint"). Defendants moved to dismiss the Second Amended Derivative Complaint on August 7, 2019. Co-Lead Plaintiffs must file any opposition to Defendants' motion to dismiss by September 6, 2019, and Defendants have until September 20, 2019 to submit a reply.

Additional Stockholder Class Action and Derivative Complaints Filed in Federal Court

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

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

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

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

Other

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

18. DEFINED CONTRIBUTION PLANS

We have a 401(k) Employee Retirement Plan (the “Plan”) to provide retirement benefits for eligible employees. All full-time employees of the Company and its wholly-owned domestic subsidiaries are eligible to participate upon completion of 30 days of service. On an annual basis, we may, in our sole discretion, make certain matching contributions. For the fiscal years ended June 30, 2018 and 2017, we made contributions to the Plan of $1,371 and $1,367, respectively, including with respect to employees of Hain Pure Protein. There were no contributions made in fiscal 2019.

In addition, while certain of our international subsidiaries maintain separate defined contribution plans for their employees, the amounts are not significant to the Company’s consolidated financial statements.

19. SEGMENT INFORMATION

The Company is managed in seven operating segments: the United States, United Kingdom, Tilda, Ella's Kitchen UK, Europe, Canada and Hain Ventures (formerly known as Cultivate Ventures). Beginning in the third quarter ended March 31, 2018, the Hain Pure Protein operations were classified as discontinued operations as discussed in "Note 5, *Discontinued Operations*." Therefore, segment information presented excludes the results of Hain Pure Protein. On August 27, 2019, the Company sold its Tilda business as discussed in "Note 21, *Subsequent Event*."

Net sales and operating income are the primary measures used by the Company's Chief Operating Decision Maker ("CODM") to evaluate segment operating performance and to decide how to allocate resources to segments. The CODM is the Company's Chief Executive Officer. Expenses related to certain centralized administration functions that are not specifically related to an operating segment are included in "Corporate and Other." Corporate and Other expenses are comprised mainly of the compensation and related expenses of certain of the Company's senior executive officers and other selected employees who perform duties related to the entire enterprise, as well as expenses for certain professional fees, facilities and other items which benefit the Company as a whole. Additionally, Project Terra costs and other, along with accounting review and remediation costs, are included in "Corporate and Other." Expenses that are managed centrally, but can be attributed to a segment, such as employee benefits and certain facility costs, are allocated based on reasonable allocation methods. Assets are reviewed by the CODM on a consolidated basis and therefore are not reported by operating segment.

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

	Fiscal Years Ended June 30,		
	2019	2018	2017
Net Sales: (1)			
United States	$ 1,009,406	$ 1,084,871	$ 1,107,806
United Kingdom	885,488	938,029	851,757
Rest of World	407,574	434,869	383,942
	$ 2,302,468	$ 2,457,769	$ 2,343,505
Operating (Loss) Income:			
United States	$ 23,864	$ 86,319	$ 145,307
United Kingdom	52,413	56,046	51,948
Rest of World	32,820	38,660	32,010
	109,097	181,025	229,265
Corporate and Other (2)	(123,983)	(74,985)	(119,842)
	$ (14,886)	$ 106,040	$ 109,423

(1) One of our customers accounted for approximately 11%, 11%, and 12% of our consolidated net sales for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, which were primarily related to the United States and United Kingdom segments. A second customer accounted for approximately, 10%, 11% and 11% of our consolidated net sales for the fiscal years ended June 30, 2019, 2018 and 2017, respectively, which were primarily related to the United States segment.

(2) For the fiscal year ended June 30, 2019, Corporate and Other included $30,156 of Chief Executive Officer Succession Plan expense, net, $28,443 of Project Terra costs and other and $4,334 of accounting review and remediation costs. Corporate and Other for the fiscal year ended June 30, 2019 also included impairment charges of $17,900 ($11,300 related to the United States segment, $2,787 related to the United Kingdom segment and $3,813 in the Rest of World segment) related to certain of the Company's tradenames and a $4,460 benefit for proceeds received in connection with an insurance recovery.

For the fiscal year ended June 30, 2018, Corporate and Other included $10,118 of Project Terra costs and other and $9,293 of accounting review and remediation costs, net of insurance proceeds. Corporate and Other for the fiscal year ended June 30, 2018 also included impairment charges of $5,632 ($5,100 related to the Rest of World segment and $532 related to the United Kingdom segment) related to certain of the Company's trade names.

For the fiscal year ended June 30, 2017, Corporate and Other included $29,562 of accounting review and remediation costs and $10,388 of Project Terra costs and other. Corporate and Other for the fiscal year ended June 30, 2017 also included impairment charges of $14,079 ($7,579 related to the United Kingdom segment and $6,500 related to the United States segment) related to certain of the Company's trade names and a $26,373 impairment charge primarily related to long-lived assets associated with the exit of certain portions of our own-label chilled desserts business in the United Kingdom segment.

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

	Fiscal Year Ended June 30,		
	2019	**2018**	**2017**
Grocery	$ 1,709,695	$ 1,842,535	$ 1,743,860
Snacks	298,333	302,795	312,784
Personal Care	178,966	196,245	176,408
Tea	115,474	116,194	110,453
Total	$ 2,302,468	$ 2,457,769	$ 2,343,505

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

	Fiscal Year Ended June 30,		
	2019	**2018**	**2017**
United States	$ 1,057,625	$ 1,144,832	$ 1,167,688
United Kingdom	885,488	938,029	851,757
All Other	359,355	374,908	324,060
Total	$ 2,302,468	$ 2,457,769	$ 2,343,505

The Company's long-lived assets, which primarily represent net property, plant and equipment, by geographic region are as follows:

	Fiscal Year Ended June 30,	
	2019	**2018**
United States	$ 115,866	$ 99,650
United Kingdom	173,544	174,214
All Other	87,277	86,700
Total	$ 376,687	$ 360,564

20. QUARTERLY FINANCIAL DATA (UNAUDITED)

A summary of the Company's consolidated quarterly results of operations is as follows. The sum of the net income per share from continuing operations for each of the four quarters may not equal the net income per share for the full year, as presented, due to rounding.

	Three Months Ended			
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Net sales	$ 557,682	$ 599,797	$ 584,156	$ 560,833
Gross profit	$ 106,077	$ 125,269	$ 114,273	$ 99,594
Operating income (loss)	$ 740	$ 23,865	$ (15,387)	$ (24,104)
(Loss) income before income taxes and equity in earnings of equity-method investees	$ (8,408)	$ 13,407	$ (24,577)	$ (32,409)
Net (loss) income from continuing operations	$ (7,654)	$ 10,088	$ (29,278)	$ (23,101)
Net loss from discontinued operations, net of tax	$ (5,897)	$ (75,925)	$ (37,223)	$ (14,324)
Net loss	$ (13,551)	$ (65,837)	$ (66,501)	$ (37,425)
Net (loss) income per common share:				
Basic net (loss) income per common share from continuing operations	$ (0.07)	$ 0.10	$ (0.28)	$ (0.22)
Basic net loss per common share from discontinued operations	$ (0.06)	$ (0.73)	$ (0.36)	$ (0.14)
Basic net loss per common share	$ (0.13)	$ (0.63)	$ (0.64)	$ (0.36)
Diluted net (loss) income per common share from continuing operations	$ (0.07)	$ 0.10	$ (0.28)	$ (0.22)
Diluted net loss per common share from discontinued operations	$ (0.06)	$ (0.73)	$ (0.36)	$ (0.14)
Diluted net loss per common share	$ (0.13)	$ (0.63)	$ (0.64)	$ (0.36)

Net loss from continuing operations in the quarter ended June 30, 2019 was impacted by $4,393 ($3,558 net of tax) and $5,617 ($4,143 net of tax) non-cash impairment charges in the United Kingdom and United States, respectively, primarily associated with a write down of the value of certain machinery and equipment no longer in use, some of which was used to manufacture certain slow moving SKUs that were discontinued. Additionally, the Company recorded an inventory write-down of $10,346 ($7,606 net of tax) related to the discontinuation of additional slow moving SKUs in the United States as part of an ongoing product rationalization initiative.

Net loss from discontinued operations in the quarter ended March 31, 2019 included a pre-tax loss on sale on the disposition of the Plainville Farms business of $40,223 ($29,511 net of tax), to write down the assets and liabilities to the final sales price less costs to sell and asset impairments of $51,348 ($37,532 net of tax), each as a component of net loss on discontinued operations, net of tax.

The quarter ended December 31, 2018 was impacted by $10,148 ($7,484 net of tax) of Chief Executive Officer Succession Plan expense, net, $920 ($678 net of tax) related to professional fees associated with our internal accounting review and the independent review by the Audit Committee and other related matters, impairment charges of $17,900 ($13,374 net of tax) related to indefinite-lived intangible assets (trade names) and asset impairment charges in discontinued operations of $54,946 ($40,314 net of tax).

The quarter ended September 30, 2018 was impacted by $19,553 ($14,420 net of tax) of Chief Executive Officer Succession Plan expense, net, $3,414 ($2,518 net of tax) related to professional fees associated with our internal accounting review and the independent review by the Audit Committee and other related matters, $4,243 ($3,436 net of tax) primarily related to the closure of a manufacturing facility of fruit-based products in the United Kingdom and asset impairment charges in discontinued operations of $2,958 ($2,170 net of tax).

	Three Months Ended			
	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Net sales	$ 619,598	$ 632,720	$ 616,232	$ 589,219
Gross profit	$ 125,097	$ 133,013	$ 133,950	$ 123,388
Operating income	$ 16,580	$ 29,254	$ 30,965	$ 29,241
Income before income taxes and equity in earnings of equity-method investees	$ 5,838	$ 24,032	$ 25,246	$ 26,086
Net (loss) income from continuing operations	$ (4,556)	$ 25,241	$ 43,130	$ 18,613
Net (loss) income from discontinued operations, net of tax	$ (65,385)	$ (12,555)	$ 3,973	$ 1,233
Net (loss) income	$ (69,941)	$ 12,686	$ 47,103	$ 19,846
Net (loss) income per common share:				
Basic net (loss) income per common share from continuing operations	$ (0.04)	$ 0.24	$ 0.42	$ 0.18
Basic net (loss) income per common share from discontinued operations	$ (0.63)	$ (0.12)	$ 0.04	$ 0.01
Basic net (loss) income per common share	$ (0.67)	$ 0.12	$ 0.45	$ 0.19
Diluted net (loss) income per common share from continuing operations	$ (0.04)	$ 0.24	$ 0.41	$ 0.18
Diluted net (loss) income per common share from discontinued operations	$ (0.63)	$ (0.12)	$ 0.04	$ 0.01
Diluted net (loss) income per common share	$ (0.67)	$ 0.12	$ 0.45	$ 0.19

The quarter ended June 30, 2018 was impacted by goodwill impairment charges of $7,700 ($5,553 net of tax) in the Hain Ventures (formerly known as Cultivate Ventures) operating segment, impairment charges of $5,632 ($5,192 net of tax) related to indefinite-lived intangible assets (trade names), as well as a $113 ($104 net of tax) impairment charge primarily related to the closure of manufacturing facilities in the United States. Additionally, the quarter ended June 30, 2018 was impacted by $2,887 ($1,941 net of tax) related to professional fees associated with our internal accounting review and remediation costs, net of insurance proceeds. Net loss from discontinued operations in the quarter ended June 30, 2018 was impacted by asset impairment charges of $78,464 ($52,699 net of tax) to adjust the carrying value of Hain Pure Protein to its fair value, less its cost to sell.

The quarter ended March 31, 2018 was impacted by impairment charges of $2,557 ($2,050 net of tax) primarily related to the closure of a manufacturing facility of certain soup products in the United Kingdom, as well as an impairment charge of $2,057 ($1,648 net of tax) related to the discontinuation of additional slow moving SKUs in the United States as part of an ongoing product rationalization initiative. Additionally, the quarter ended March 30, 2018 was impacted by $3,313 ($2,654 net of tax) related to professional fees associated with our internal accounting review and remediation costs.

The quarter ended December 31, 2017 was impacted by impairment charges of $3,449 ($2,593 net of tax) related to the closure of a facility in the United States, as well as $4,451 ($3,346 net of tax) related to professional fees associated with our internal accounting review and remediation costs.

The quarter ended September 30, 2017 was impacted by $3,642 ($2,638 net of tax) related to professional fees associated with our internal accounting review and insurance proceeds of $5,000 ($3,622 net of tax) related to the reimbursement of costs incurred as part of the internal accounting review and the independent review by the Audit Committee and other related matters.

21. SUBSEQUENT EVENT

On August 27, 2019, the Company and Ebro Foods S.A. (the “Purchaser”) entered into, and consummated the transactions contemplated by, an Agreement relating to the sale and purchase of the Tilda operating segment and certain other assets (the “Sale and Purchase Agreement”). Under the Sale and Purchase Agreement, the Company sold the entities comprising its Tilda operating segment and certain other assets of the Tilda business to the Purchaser for an aggregate price of $342,000 in cash, subject to customary post-closing adjustments based on the balance sheets of the Tilda business. The other assets sold in the transaction consist of raw materials, consumables, packaging, and finished and unfinished goods related to the Tilda business held by other Company entities that are not Tilda Group Entities.

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

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of June 30, 2019 and, based on their evaluation, have concluded that the disclosure controls and procedures were effective as of June 30, 2019.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. 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.

The 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 the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets of the Company 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.

Under the supervision, and with the participation, of our management, including the CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2019. In making this assessment, management used the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management, including our CEO and CFO, has concluded that our internal control over financial reporting was effective as of June 30, 2019.

The effectiveness of the Company's internal control over financial reporting as of June 30, 2019 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

The Company concluded that the material weakness identified in the 2018 Form 10-K, surrounding controls over the accumulation, transmission and recording in the general ledger of the physical count results in North America, as well as the documentation evidencing review of certain inventory reserves, has been remediated (the “Remediated Material Weakness”).

During the quarter ended June 30, 2019, the Company completed the implementation of the following remedial measures designed to address the Remediated Material Weakness.

- The development of a more comprehensive physical inventory risk and control framework, that resulted in additional internal controls being added to ensure the completeness and accuracy of inventory uploads to the general ledger, which were agreed to final physical count sheets for all locations.
- Enhanced communication among operations personnel and the Company-owned and third party locations holding the vast majority of our inventory. Formal letters of understanding detailing protocols governing the timing, physical count procedures, record keeping requirements and submissions of results were delivered and acknowledged prior to the physical counts being conducted.
- Standardization of processes performed by operations personnel to verify completeness and accuracy of information, including formal documentation of variances above established thresholds;
- The incorporation of accounting department verification processes to ensure data was completely and accurately reflected in the general ledger.

The Company implemented additional internal controls to ensure and document the completeness and accuracy of all inventory balances when performing the reserve calculations and analysis. Such controls included enhanced documentation of management’s analysis of forecasted sales of inventory subject to SKU rationalization and the performance of subsequent comparisons of actual inventory movements to forecasts used in the reserve calculations.

Except for the foregoing, there was no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The Company’s management, including the Company’s CEO and CFO, recognizes that the Company’s disclosure controls and procedures and the Company’s internal control over financial reporting cannot prevent or detect all errors and all fraud. A control system, regardless of how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. These inherent limitations include the following:

- Judgments in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes.
- Controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override.
- The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.
- Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of
The Hain Celestial Group, Inc. and Subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited The Hain Celestial Group, Inc. and subsidiaries' internal control over financial reporting as of June 30, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, The Hain Celestial Group, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of June 30, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of June 30, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended June 30, 2019, and the related notes and schedule (collectively referred to as the "consolidated financial statements") and our report dated August 29, 2019 expressed an unqualified opinion thereon.

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.

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/ Ernst & Young LLP

Jericho, New York

August 29, 2019

Item 9B. Other Information

Sale of Tilda Business

On August 27, 2019, the Company and Ebro Foods S.A. (the "Purchaser") entered into, and consummated the transactions contemplated by, an agreement relating to the sale and purchase of the Tilda Group Entities and certain other assets (the "Sale and Purchase Agreement"). Under the Sale and Purchase Agreement, the Company sold the entities comprising its Tilda basmati and specialty rice business (the "Tilda Group Entities") and certain other assets of the Tilda business to the Purchaser for an aggregate price of $342 million in cash, subject to customary post-closing adjustments based on the balance sheets of the Tilda Group Entities.

The Tilda Group Entities included in the transaction are: (1) Tilda Limited, a company organized under the laws of England and Wales; (2) Tilda Rice Limited, a company organized under the laws of England and Wales; (3) Tilda International DMCC, a company organized under the laws of Dubai, United Arab Emirates; (4) Tilda Hain India Private Limited, a company organized under the laws of India; and (5) Brand Associates Limited, a company organized under the laws of the Isle of Man. The other assets sold in the transaction consist of raw materials, consumables, packaging, and finished and unfinished goods related to the Tilda business held by other Company entities that are not Tilda Group Entities.

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

The foregoing summary of the Sale and Purchase Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Sale and Purchase Agreement, a copy of which is filed as Exhibit 2.1 to this Form 10-K and incorporated herein by reference.

Other than with respect to the sale of the Tilda Group Entities, no material relationship exists between the Company and the Purchaser (or any of their affiliates, directors or officers).

The Company's unaudited pro forma consolidated financial information giving effect to the sale of the Tilda Group Entities is filed as Exhibit 99.1 to this Form 10-K.

Resignation of Chief Accounting Officer

On August 26, 2019, Michael McGuinness, the Company's Senior Vice President and Chief Accounting Officer, informed the Company of his intention to resign from his position with the Company, effective August 30, 2019, to pursue another opportunity. James Langrock, the Company's Executive Vice President and Chief Financial Officer, will assume the responsibilities of principal accounting officer of the Company on an interim basis until the Company names a successor to Mr. McGuinness. For biographical information regarding Mr. Langrock, see the Company's Definitive Proxy Statement for the Company's 2018 Annual Meeting of Stockholders, filed with the SEC on October 29, 2018.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our Proxy Statement for the 2019 Annual Meeting of Stockholders of the Company to be filed with the SEC within 120 days of the fiscal year ended June 30, 2019.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to our Proxy Statement for the 2019 Annual Meeting of Stockholders of the Company to be filed with the SEC within 120 days of the fiscal year ended June 30, 2019.

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

The information required by this item is incorporated by reference to our Proxy Statement for the 2019 Annual Meeting of Stockholders of the Company to be filed with the SEC within 120 days of the fiscal year ended June 30, 2019.

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

The information required by this item is incorporated by reference to our Proxy Statement for the 2019 Annual Meeting of Stockholders of the Company to be filed with the SEC within 120 days of the fiscal year ended June 30, 2019.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to our Proxy Statement for the 2019 Annual Meeting of Stockholders of the Company to be filed with the SEC within 120 days of the fiscal year ended June 30, 2019.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) *Financial Statements*. The following consolidated financial statements of The Hain Celestial Group, Inc. are filed as part of this report under Part II, Item 8 - Financial Statements and Supplementary Data:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets - June 30, 2019 and 2018
Consolidated Statements of Operations - Fiscal Years ended June 30, 2019, 2018 and 2017
Consolidated Statements of Comprehensive Income - Fiscal Years ended June 30, 2019, 2018 and 2017
Consolidated Statements of Stockholders’ Equity - Fiscal Years ended June 30, 2019, 2018 and 2017
Consolidated Statements of Cash Flows - Fiscal Years ended June 30, 2019, 2018 and 2017
Notes to Consolidated Financial Statements

(a)(2) *Financial Statement Schedules*. The following financial statement schedule should be read in conjunction with the consolidated financial statements included in Part II, Item 8, of this Annual Report on Form 10-K. All other financial schedules are not required under the related instructions, or are not applicable and therefore have been omitted.

The Hain Celestial Group, Inc. and Subsidiaries
Schedule II - Valuation and Qualifying Accounts

Column A	Column B	Column C		Column D	Column E
		Additions			
	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts - describe *(i)*	Deductions - describe *(ii)*	Balance at end of period
Fiscal Year Ended June 30, 2019:					
Allowance for doubtful accounts	$ 2,086	$ 553	$ (1,016)	$ (1,035)	$ 588
Valuation allowance for deferred tax assets	$ 20,831	$ 17,773	$ —	$ (3,692)	$ 34,912
Fiscal Year Ended June 30, 2018:					
Allowance for doubtful accounts	$ 1,447	$ 1,880	$ 49	$ (1,290)	$ 2,086
Valuation allowance for deferred tax assets	$ 20,712	$ 1,251	$ —	$ (1,132)	$ 20,831
Fiscal Year Ended June 30, 2017:					
Allowance for doubtful accounts	$ 936	$ 1,077	$ 149	$ (715)	$ 1,447
Valuation allowance for deferred tax assets	$ 21,172	$ 1,862	$ —	$ (2,322)	$ 20,712

Amounts above are inclusive our Hain Pure Protein reporting segment classified as discontinued operations

(i) Represents the allowance for doubtful accounts of the business acquired or disposed of during the fiscal year
(ii) Amounts written off and changes in exchange rates

(a)(3) *Exhibits*. The exhibits filed as part of this Annual Report on Form 10-K are listed on the Exhibit Index immediately following Item 16. “Form 10-K Summary,” which is incorporated herein by reference.

Item 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement relating to the sale and purchase of the Tilda Group Entities and certain other assets dated August 27, 2019, between the Company and Ebro Foods S.A.
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Amendment No. 1 to the Company's Registration Statement on Form S-4 filed with the SEC on April 24, 2000).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of The Hain Celestial Group, Inc. (incorporated by reference to Exhibit 3.2(b) of the Company's Current Report on Form 8-K filed with the SEC on November 26, 2014).
3.3	The Hain Celestial Group, Inc. Amended and Restated By-Laws (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on December 7, 2018).
4.1	Specimen of common stock certificate (incorporated by reference to Exhibit 4.1 of Amendment No. 1 to the Company's Registration Statement on Form S-4 filed with the SEC on April 24, 2000).
4.2	Description of Registrant's Securities.
10.1.1	Third Amended and Restated Credit Agreement, dated February 6, 2018, among the Company, Hain Pure Protein Corporation, certain other wholly-owned Subsidiaries of the Company, Bank of America, N.A., as Administrative Agent, U.S. Swing Line Lender and L/C Issuer, Bank of America Merrill Lynch International Limited and Bank of America, N.A., Canada Branch, as Global Swing Line Lenders, Wells Fargo Bank, N.A. and Citizens Bank, N.A., as Co-Syndication Agents, Farm Credit East, ACA and JP Morgan Chase Bank, N.A., as Co-Documentation Agents, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on February 12, 2018).
10.1.2	First Amendment to Third Amendment and Restated Credit Agreement, dated November 7, 2018, by and among the Company, Hain Pure Protein Corporation, certain wholly-owned subsidiaries of the Company party thereto from time to time, and Bank of America, N.A. as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on November 8, 2018).
10.1.3	Second Amendment to Third Amended and Restated Credit Agreement, dated February 6, 2019, by and among the Company, Hain Pure Protein Corporation, certain wholly-owned subsidiaries of the Company party thereto from time to time, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on February 7, 2019).
10.1.4	Third Amendment to Third Amended and Restated Credit Agreement, dated May 8, 2019, by and among the Company, certain wholly-owned subsidiaries of the Company party thereto from time to time, the Lenders party thereto and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on May 9, 2019).
10.1.5	Security and Pledge Agreement, dated May 8, 2019, by and among the Company, certain wholly-owned subsidiaries of the Company party thereto from time to time, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on May 9, 2019).
10.2.1*	The Hain Celestial Group, Inc. Amended and Restated 2002 Long Term Incentive and Stock Award Plan.
10.2.2*	Form of Restricted Stock Agreement under the Company's Amended and Restated 2002 Long Term Incentive and Stock Award Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K/A filed with the SEC on April 7, 2008).
10.2.3*	Form of Notice of Grant of Restricted Stock Award under the Company's Amended and Restated 2002 Long Term Incentive and Stock Award Plan (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K/A filed with the SEC on April 7, 2008).

10.2.4*	Form of Performance Unit Agreement with the Company's executive officers under the Company's Amended and Restated 2002 Long Term Incentive and Stock Award Plan (2019-2021 Long Term Incentive Plan) (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019, filed with the SEC on May 9, 2019).
10.3*	The Hain Celestial Group, Inc. Inducement Grant Performance Units Agreement, dated November 6, 2018, between the Company and Mark L. Schiller (incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-8 filed with the SEC on November 6, 2018).
10.4.1*	The Hain Celestial Group, Inc. 2019 Equity Inducement Award Program (incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-8 filed with the SEC on February 19, 2019).
10.4.2*	Form of Inducement Award Agreement under The Hain Celestial Group, Inc. 2019 Equity Inducement Award Program (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019, filed with the SEC on May 9, 2019).
10.5*	The Hain Celestial Group, Inc. 2015-2019 Executive Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on November 26, 2014).
10.6*	Employment Agreement, dated as of October 26, 2018, by and between the Company and Mark L. Schiller (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on October 29, 2018).
10.7*	Offer Letter, dated June 22, 2017, between the Company and James M. Langrock (incorporated by reference to Exhibit 10.24 of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017, filed with the SEC on September 13, 2017).
10.8*	Offer Letter, dated January 3, 2019, between the Company and Christopher Boever (incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019, filed with the SEC on May 9, 2019).
10.9*	Offer Letter, dated May 2, 2019, between the Company and Kevin McGahren.
10.10.1*	Employment Agreement between the Company and Irwin D. Simon, dated July 1, 2003 (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2003, filed with the SEC on November 14, 2003).
10.10.2*	Amendment to Employment Agreement between the Company and Irwin D. Simon, dated as of December 31, 2008 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 7, 2009).
10.10.3*	Amendment to Employment Agreement between the Company and Irwin D. Simon, dated as of July 1, 2009 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on July 2, 2009).
10.10.4*	Amendment to Employment Agreement between the Company and Irwin D. Simon, dated as of June 30, 2012 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 6, 2012).
10.10.5*	Amendment to Employment Agreement between the Company and Irwin D. Simon, dated November 2, 2012 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on November 2, 2012).
10.10.6*	Amendment to Employment Agreement between the Company and Irwin D. Simon dated September 23, 2014 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on September 29, 2014).
10.10.7*	Succession Agreement dated as of June 24, 2018, by and between the Company and Irwin D. Simon (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 25, 2018).

10.10.8*	Consulting Agreement between the Company and Irwin D. Simon dated October 26, 2018 (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2018, filed with the SEC on February 7, 2019).
10.11*	Separation Agreement, dated as of January 16, 2019, between the Company and Gary Tickle (incorporated by reference to Exhibit 10.7 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019, filed with the SEC on May 9, 2019).
10.12*	Form of Change in Control Agreement.
10.13*	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017, filed with the SEC on November 7, 2017).
10.14*	Form of Confidentiality, Non-Interference, and Invention Assignment Agreement (incorporated by reference to Exhibit 10.8 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2019, filed with the SEC on May 9, 2019).
21.1	Subsidiaries of the Company.
23.1	Consent of Independent Registered Public Accounting Firm - Ernst & Young LLP.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
32.1	Certification by CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Unaudited Pro Forma Consolidated Financial Statements.
101	The following materials from the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2019, formatted in eXtensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements, and (vii) Financial Statement Schedule.
*	Indicates management contract or compensatory plan or arrangement.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE HAIN CELESTIAL GROUP, INC.

Date:	August 29, 2019	/s/ Mark L. Schiller
		Mark L. Schiller, **President, Chief Executive Officer** **and Director**
Date:	August 29, 2019	/s/ James Langrock
		James Langrock, **Executive Vice President and** **Chief Financial Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mark L. Schiller **Mark L. Schiller**	President, Chief Executive Officer and Director	August 29, 2019
/s/ James Langrock **James Langrock**	Executive Vice President and Chief Financial Officer	August 29, 2019
/s/ Michael McGuinness **Michael McGuinness**	Senior Vice President and Chief Accounting Officer	August 29, 2019
/s/ Dean Hollis **Dean Hollis**	Chair of the Board	August 29, 2019
/s/ Celeste A. Clark **Celeste A. Clark**	Director	August 29, 2019
/s/ Shervin J. Korangy **Shervin J. Korangy**	Director	August 29, 2019
/s/ Roger Meltzer **Roger Meltzer**	Director	August 29, 2019
/s/ Glenn W. Welling **Glenn W. Welling**	Director	August 29, 2019
/s/ Dawn M. Zier **Dawn M. Zier**	Director	August 29, 2019

Exhibit 2.1

EXECUTION VERSION

DATED **27 AUGUST 2019**

(1) THE HAIN CELESTIAL GROUP, INC.

- and -

(2) EBRO FOODS S.A.

AGREEMENT

relating to
the sale and purchase of the
Tilda Group Entities and certain other assets

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THIS AGREEMENT is made on 27 August 2019

BETWEEN:

(1) **THE HAIN CELESTIAL GROUP, INC.,** a company incorporated and registered in Delaware, USA with company file number 2336999 which has its registered office at 1111 Marcus Avenue, Lake Success, New York 11042, USA (**"Seller"**); and

(2) **EBRO FOODS S.A.**, a company incorporated and registered in Spain with ISIN number ES0112501012 which has its registered office at Paseo de la Castellana 20, 28046 Madrid (**"Purchaser"**).

BACKGROUND:

A The Seller has agreed to sell or procure the sale of, and the Purchaser has agreed to purchase, the Shares and certain assets associated with the Business on the terms set out in this agreement.

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 In this agreement:

"Accounts" means the audited individual financial statements as at and for the financial year ended on the Accounts Date of each Target Entity (excluding Brand Associates Limited) and Tilda International DMCC comprising its balance sheet and profit and loss account;

"Accounts Date" means:

(a) Tilda International DMCC, 30 June 2018;

(b) for Tilda Limited, 30 June 2018; and

(c) for Tilda Hain India Private Limited, 31 March 2018;

"Acquisition Dispute" means any dispute or claim arising out of or in connection with this agreement, its subject matter or formation (including any non-contractual dispute or claim);

"Acquisition Documents" means this agreement, the Disclosure Letter, the TSA, the India BTA, the UAE BTA, the Agreed Form documents and any other documents to be delivered on Completion;

"Agreed Form", in relation to a document, means the form approved and for identification purposes initialled by (or on behalf of) the Seller and the Purchaser;

"Authority" means a supra-national, national or sub-national authority, commission, department, agency, regulator or regulatory body with jurisdiction in any jurisdiction in which any Target Group Entity is incorporated or has conducted the Business;

"Business" means the manufacture, sale and distribution of rice food products (including rice bran oil) in each case sold under the 'Tilda', 'Akash', 'Noorani' and 'Abushmagh' brand names by the Target Group Entities;

"Business Day" (other than in clause 23) means any day other than a Saturday or Sunday on which commercial banks are open for general business in London, Madrid and New York;

"Canadian Stock" means all of the stock of the Business owned by the relevant Hain Seller relating to Canada, and (without detracting from the generality of the foregoing) being principally located at 400 Matheson Boulevard West, Mississauga, Ontario, 260 Rexdale Blvd, Etobicoke, ON M9W 1R2, Canada and 48TH Street, Calgary, AB T2C 3J7, Canada;

"Cash" means: any cash at bank, in hand or in transit (including any accrued interest), as per the reconciled cash book, and any cash equivalents (such as liquid or easily realisable stocks, shares, bonds, bills or similar securities), net of any costs, deductions or withholdings applicable on use, owned by the Target Group Entities as at the Effective Time and as determined in accordance with schedule 6, but excluding Trapped Cash (and for the avoidance of doubt, the mapping shown in column 1 of part 3 of schedule 6 is included for illustrative purposes only);

"Claim" means any demand or claim against the Seller under or for any breach of any Acquisition Document;

"Completion" means completion of the sale and purchase of the Shares and the Stock in accordance with this agreement;

"Completion Date" means the date of this agreement;

"Completion Payment" has the meaning given in clause 3.3;

"Completion Statements" means the statements to be prepared and agreed, deemed agreed or determined in accordance with schedule 6;

"Computer Systems" means the computer systems relating to the Business used by any Target Group Entity other than the internet and third party telecommunications networks;

"Consideration" means the consideration for the Shares and the Stock set out in clause 3;

"Continuing Facilities" means the invoice discounting facility between Tilda Limited and the Royal Bank of Scotland dated 11 April 2018, the short term loan facility between HSBC Bank Middle East Limited and Tilda International DMCC dated 4 November 2018, the receivable finance facility agreement between HSBC Bank Middle East Limited dated 29 November 2018 and Tilda International DMCC and the sterling overdraft and other facilities made available to Tilda Limited by HSBC Bank plc pursuant to the facility letter dated 25 April 2018;

"Data Protection Laws" all laws (whether of the UK or any other jurisdiction) relating to the use, protection and privacy of Personal Data (including, without limitation, the privacy of electronic communications) which are from time to time applicable to any of the Target Group Entities (or any part of the Business);

"Debt" means:

(a) all interest and non-interest bearing loans or other financing liabilities or obligations, including any intercompany balances in respect of the same payable by any Target Group Entity to the Seller Group and any bank debt, overdrafts, credit facilities, revolving facilities and any other liabilities in the nature of borrowed money (whether secured or unsecured);

(b) all liabilities under any bonds, notes, debentures or loan stock and other similar instruments, whether convertible or not;

(c) all liabilities in relation to any letter of credit, bond or similar instrument given by a third party in relation to any obligation or liability of any Target Group Entity;

(d) all liabilities in relation to any finance and capital leases but excluding any operating leases of any Target Group Entity;

(e) any obligations in respect of dividends declared or other distributions payable but in each case not yet paid, and excluding any dividend of Trapped Cash;

(f) any amounts due or payable to any directors of any Target Group Entity by way of director loans to any Target Group Entity;

(g) the market value of interest rate swaps or other financial derivatives to the extent such swaps or derivatives are terminated, settled or closed out as a consequence of the proposed transaction;

(h) all liabilities (whether conditional or unconditional, present or future) arising from any transactions related to the assignment or securitisation of receivables for financing purposes to any third party, including all factoring agreements and similar agreements executed for the purpose of obtaining financing; and

(i) any liabilities specifically required to be included in Debt by the specific policies set out in part 4 of schedule 6,

together with all interest, fees, premium, expenses and penalties accrued thereon prior to the Effective Time, and any prepayment premiums or penalties payable in order to retire or extinguish any Debt (other than the Continuing Facilities) at its redemption value, but excluding (i) any of the foregoing that exist between Target Group Entitles, (ii) any amount involved in calclating Working Capital and (iii) any unamortised debt issuance costs, in each case as at the Effective Time and as determined in accordance with schedule 6 (and for the avoidance of doubt, the mapping shown in column 2 of part 3 of schedule 6 is included for illustrative purposes only);

"Defendant Claim" means any actual or potential demand, claim or action by a third party against the Purchaser Group which has given or is likely to give rise to a Non-Tax Claim;

"Disclosed Information" means the Disclosure Letter and the Due Diligence Information;

"Disclosure Letter" means the letter of the same date as this agreement from the Seller to the Purchaser relating to the Warranties, together with any documents annexed to it;

"Domain Names" means <haintildaindia.com>, <tilda.ca>, <tildabasmati.ca>, tildacanada.ca>, <tildarice.ca> and <tildaus.com>;

"Due Diligence Information" means the information and documents contained in the electronic data room entitled 'Project Toledo' maintained by Intralinks in relation to the Target

Group Entities (**"Data Room"**) as listed in the index in the Agreed Form and delivered to (and acknowledged by) the Purchaser on a USB stick prior to the date of this agreement;

"Encumbrance" means any mortgage, charge, pledge, lien or other security interest or third party right of any kind and any option or right to acquire or right of pre-emption or any agreement to create the same;

"Environment" means all or any part of the air (including the air within buildings and man-made or natural structures above or below ground), water and land;

"Environmental Consents" means any consent, permission, licence, registration or other authorisation issued pursuant to or required by any Environmental Law;

"Environmental Laws" means all laws relating to the protection, prevention of pollution or remediation of the Environment in any jurisdiction in which any Target Group Entity was incorporated or has conducted the Business;

"Effective Time" means immediately prior to Completion;

"European Stock" means all of the stock of the Business owned by the relevant Hain Seller relating to Europe, and (without detracting from the generality of the foregoing) being principally located at:

(a) Wernicke Spedition GmbH D19061 Schwerin, Gemany;

(b) Transporte & Logistik Theurer Gmbh, D19077 Lübesse, Germany;

(c) Katoen Natie, BE9042 Desteldonk, Ghent, Belgium;

(d) Rhein Sieg Werkstätten, D53840 Troisdorf, Germany;

(e) Schoeller Industrielogistik GmbH, D52382 Niederzier, Germany; and

(f) Ritter Trans, A7410 Loipersdorf, Austria;

"Fairly Disclosed" means disclosed to the Purchaser in or by means of the Disclosed Information, with sufficient detail to identify the nature and make a reasonably informed assessment of the scope of the matter disclosed;

"Food Safety Laws" means all applicable laws and regulatory codes of practice in force at the date of this agreement which relate to food safety, content and/or hygiene (including those concerning food production, processing, storage, handling, sale and service);

"Freehold Properties" means the freehold properties set out in part 4 of schedule 1;

"General Warranties" means the warranties given by the Seller in clause 6.1 (other than the Title Warranties and the Tax Warranties);

"General Warranty Claim" means any claim for any breach of the General Warranties;

"Hain Sellers" means the Seller, the Stock Sellers and the Selling Shareholders;

"Hazardous Substance" means any natural or artificial substance (whether solid, liquid or a gas), noise, ion, vapour, electromagnetic charge or radiation, whether alone or in combination, which is capable of causing harm to or having a deleterious effect on the Environment, or human health, or of being a nuisance;

"IFRS" means the body of pronouncements issued by the International Accounting Standards Board (IASB), including International Financial Reporting Standards and interpretations approved by the IASB, International Accounting Standards and Standing Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee;

"Indemnity Claim" has the meaning given to it in clause 12;

"Indemnity Recovery Claim" means any right which the Purchaser Group has or becomes entitled to (whether under any insurance policy or by way of payment, discount, credit, set-off, claim, counterclaim, relief or otherwise) to recover from any third party any amount in relation to any matter or thing that has given or is likely to give rise to an Indemnity Claim;

"India BTA" means the business transfer agreement between Tilda Hain India Private Limited and the Seller relating to the sale of certain non-Tilda assets and liabilities in India;

"IP" means in relation to the Business:

(a) rights in patents, registered designs, copyrights, database rights, design rights, trade marks, service marks, trade names, business names, brand names, get-up, recipes, product formulations, logos, domain names and URLs; and

(b) rights having equivalent or similar effect to the above items in any jurisdiction;

"Judgment" means any judgment, order, decree, award, ruling or decision from any court, tribunal or arbitrator;

"Key Customer" means the customers of one or more Target Group Entities set out in part 1 of schedule 7;

"Key Supplier" means the suppliers to one or more Target Group Entities set out in part 2 of schedule 7;

"Management Accounts" means the management accounts of Tilda Limited, Tilda Hain Private Limited and Tilda International DMCC for the period from the Accounts Date to 30 June 2019, as included in the Due Diligence Information;

"Material Contract" means a subsisting contract with a Key Customer or a Key Supplier;

"Non-Tax Claim" means any Claim other than a Tax Claim or an Indemnity Claim;

"Notice" has the meaning given to it in clause 23.2;

"Pension Benefits" means any pension, allowance, lump sum or other similar benefit on death, disability, retirement or termination of employment (whether voluntary or not) for the benefit of any of the Target Group Entities' employees, former employees or any of their respective dependants;

"Pension Scheme" means the Aegon personal pension scheme with scheme name 'Tilda Limited';

"Personal Data" has the meaning given to that term under applicable law;

"Pro-forma Accounts" means the documents in the Agreed Form comprising the following aggregated accounts of the Target Group Entities:

(a) aggregated net assets as at 30 June 2019 (**"Pro-forma Net Assets"**); and

(b) aggregated income statements for the period ended 30 June 2019 (**"Pro-forma P&L"**),

in each case aggregated from the Management Accounts and including the net working capital associated with the trading of Stock (in the case of the Pro-forma Net Assets) and after the elimination of intercompany sales, the elimination of services performed within the transaction perimeter and the inclusion of sales by the Seller Group of Tilda branded products (in the case of the Pro-forma P&L);

"Properties" means the freehold property detailed in part 3 of schedule 1 and the leasehold property detailed in part 4 of schedule 1;

"Purchaser Group" means each or any of (a) the Purchaser, any holding company of the Purchaser for the time being, and any company which for the time being is a subsidiary of the Purchaser or of any such holding company, and (b) with effect from Completion, Target Group Entities (and any reference to **"member of the Purchaser Group"** or, in the case of any member of the Purchaser Group, to **"its group"** shall be construed accordingly);

"Recovery Claim" means any right which the Purchaser Group has or becomes entitled to (whether under any insurance policy or by way of payment, discount, credit, set-off, claim, counterclaim, relief or otherwise) to recover from any third party any amount in relation to any matter or thing that has given or is likely to give rise to a Non-Tax Claim;

"Representatives" means, in relation to any person, its directors, officers, employees, legal, accounting, financial and other advisers, consultants, agents or brokers (as applicable);

"Selling Shareholders" means each of those entities whose names are listed in column 2 of part 1 of schedule 1;

"Seller Group" means each or any of the Seller and any company which is a subsidiary of the Seller from time to time, excluding the Target Group Entities (and any reference to **"member of the Seller Group"** or, in the case of any member of the Seller Group, to **"its group"** shall be construed accordingly);

"Seller's Lawyers" means DLA Piper UK LLP of 160 Aldersgate Street, London EC1A 4HT;

"Senior Employee" means an employee of any Target Entity whose basic salary is in excess of $95,000 per annum;

"Shares" means the following:

(a) 1,520,000 ordinary shares of £1.00 each in the capital of Tilda Limited;

(b) 480,000 A ordinary shares of £1.00 each in the capital of Tilda Limited;

(c) 61,750 B ordinary shares of £0.01 each in the capital of Tilda Limited;

(d) 59,350 C ordinary shares of £0.01 each in the capital of Tilda Limited;

(e) 7,009,000 shares of INR 10 each in the capital of Tilda Hain India Private Limited; and

(f) 1 ordinary share of £1 in the capital of Brand Associates Limited;

"Small Claim" means an individual Warranty Claim in relation to which the liability of the Seller (excluding interest and costs) does not exceed $100,000;

"Stock" means the Canadian Stock, the European Stock and the US Stock, in each case as at the Effective Time and determined in accordance with schedule 6;

"Stock Sellers" means:

(a) Hain Celestial Europe NV, Mona Naturprodukte GmbH, in respect of the European Stock;

(b) Hain Celestial Canada, ULC, in respect of the Canadian Stock; and

(c) the Seller, in respect of the US Stock;

"Subsidiaries" means the subsidiaries of the Target Entities, details of which are set out in part 3 of schedule 1, and **"Subsidiary"** means any of them;

"Supervisory Authority" means any local, national, supranational, state, governmental or quasi-governmental agency, body, department, board, official or entity exercising regulatory or supervisory authority pursuant to any Data Protection Laws, including the Information Commissioner's Office in the United Kingdom;

"Target Entities" means those entities whose details are set out in part 2 of schedule 1;

"Target Group Entities" means each of the Target Entities and the Subsidiaries;

"Target Working Capital" means an amount of £70,000,000 (seventy million pounds);

"Tax" has the meaning given to it in paragraph 1 of part 1 of schedule 3;

"Tax Claim" means a Tax Covenant Claim or any claim for any breach of the Tax Warranties;

"Tax Covenant" means any covenant set out in paragraph 2 of part 1 of schedule 3;

"Tax Covenant Claim" means any claim under or for any breach of the Tax Covenant;

"Tax Warranties" means the warranties given by the Seller in relation to Tax in clause 6.1 and set out in part 2 of schedule 3;

"Title Claim" means any claim for any breach of the Title Warranties;

"Title Warranties" means the warranties given by the Seller in paragraphs 1 (Title and capacity), 2 (Share capital) and 3 (Interests in other companies, etc) of schedule 2;

"Trapped Cash" means any Cash which is not freely usable (in the case of cash equivalents only, within 48 hours) by the Target Group Entities because it is subject to restrictions or limitations on use or distribution under law, contract or otherwise, including without limitation, restrictions on dividends and repatriations or any other form of restriction, including any Cash in Brand Associates Limited;

"TSA" means a transitional services agreement to be entered into between the Seller and the Purchaser on or around the date of this agreement governing the post-Completion relationship between the Seller Group and the Purchaser Group in respect of the Business and other matters;

"UAE BTA" means the business transfer agreement between Tilda International DMCC and the Seller relating to the sale of certain non-Tilda assets and liabilities in the UAE;

"US Stock" means all of the stock of the Business owned by the relevant Hain Seller relating to the United States of America, and (without detracting from the generality of the foregoing) being principally located at 401 Doremusave, Newark, NJ, USA 07114, 7248 Industrial Blvd, Allentown, PA, USA 18106, 5140 East Santa Ana St, Ontario, CA, USA 91761 and 14908 Gougar Rd, Lockport, IL 60491;

"VAT" has the meaning given to it in paragraph 1.1 of part 1 of schedule 3;

"Warranties" means the Title Warranties, the General Warranties and the Tax Warranties;

"Warranty Claim" means any claim for any breach of the Warranties; and

"Working Capital" means those items designated as working capital in column 3 of part 3 of schedule 6 and, for the avoidance of doubt, items included in Cash or Debt shall not be included in Working Capital.

1.2 In this agreement (unless the context requires otherwise):

(a) the terms **"company"**, **"body corporate"**, **"subsidiary"**, **"holding company"** and **"group undertaking"** have the meanings given to them in the Companies Act 2006; but, for the purposes of section 1159(1) of the Companies Act 2006, a company shall be treated as a member of another company if any shares in that other company are registered in the name of either (a) a person by way of security (where the company has provided the security) or (b) a person as nominee for the company; and

(b) **"including"**, **"includes"** or **"in particular"** means including, includes or in particular without limitation.

1.3 In this agreement (unless the context requires otherwise), any reference to:

(a) any gender includes all genders, the singular includes the plural (and vice versa), and a person includes an individual, body corporate, association, partnership, firm, trust or Authority (whether or not having a separate legal personality);

(b) (any professional firm or company includes any firm or company effectively succeeding to the whole, or substantially the whole, of its practice or business;

(c) any time of day or date is to that time or date in the United Kingdom and "close of business" is a reference to 5.30pm;

(d) "$" and "dollars" means the lawful currency of the United States of America;

(e) "£" and "pounds" means the lawful currency of the United Kingdom;

(f) (a specific statute or statutory provision is to that statute or provision as in force at the date of this agreement, and any subordinate legislation made under it in force at that date; and

(g) writing or written includes any method of representing or reproducing words in a legible form.

1.4 In this agreement (unless the context requires otherwise), any reference:

(a) to a clause or schedule is to a clause of or schedule to this agreement;

(b) to a part or paragraph is to a part or paragraph of a schedule to this agreement;

(c) within a schedule to a part is to a part of that schedule; and

(d) within a part of a schedule to a paragraph is to a paragraph of that part of that schedule.

1.5 This agreement incorporates the schedules to it.

1.6 The contents list, headings and any descriptive notes are for ease of reference only and shall not affect the construction or interpretation of this agreement.

1.7 Any indemnity or covenant to pay (**"Payment Obligation"**) being given on an **"After-Tax Basis"** or expressed to be **"calculated on an After-Tax Basis"** means that, when, but only to the extent that, the amount payable pursuant to such Payment Obligation (**"Payment"**) is subject to a deduction or withholding required by Law in respect of Tax or is chargeable to any Tax in the hands of the recipient, such amount shall be increased so as to ensure that, after taking into account:

(a) the amount of Tax required to be deducted or withheld from, and the Tax chargeable on, such amount (including on the increased amount); and

(b) any Relief (as defined in schedule 3) (other than a Corresponding Relief (as defined in schedule 3)) which is available to the indemnified party or the recipient of the Payment solely as a result of the matter or thing giving rise to the Payment Obligation, receiving the Payment or the deduction or withholding in question,

the recipient of the Payment is in the same position as it would have been in had no such deduction or withholding been required or such Tax been payable.

2. SALE AND PURCHASE

2.1 Subject to the terms of this agreement, the Seller shall sell, or shall procure the sale of, and the Purchaser shall purchase the Shares and the Stock with full title guarantee with effect from Completion.

2.2 The Shares shall be sold free from all Encumbrances and together with all rights attached or accruing to them at Completion and the Stock shall be sold free of all Encumbrances.

2.3 The Seller waives any right of pre-emption or other restriction on transfer in respect of the Shares (or any of them) or the Stock (or any of it), whether conferred under the articles of association of any of the Target Entities (or any other agreement, arrangement or understanding, including any shareholders agreement) or otherwise and shall procure the irrevocable waiver of any such right or restriction conferred on any other person who is not a party to this agreement.

3. CONSIDERATION

3.1 Consideration

(a) The consideration payable by the Purchaser for the Shares and the Stock is:

(i) $342,000,000;

(ii) **plus** an amount equal to the Cash;

(iii) **less** an amount equal to the Debt; and

(iv) **plus** an amount equal to any excess in the Working Capital above the Target Working Capital or **less** an amount equal to any shortfall in the Working Capital below the Target Working Capital,

which shall be paid in cash as set out in this clause 3.

(b) For the purposes of clause 3.1(a)(ii) to 3.1(a)(iv), Cash, Debt and Working Capital shall be as set out in the Completion Statements as agreed or determined in accordance with schedule 6.

3.2 The Consideration shall be apportioned between the Shares and the Stock as follows:

(a) $9,549,300 in respect of the shares in Tilda Hain India Private Limited;

(b) $15,960,100 in respect of the share in Brand Associates Limited;

(c) $6,176,857 in respect of Stock, subject to adjustment to reflect the final value of Stock set out in the Completion Statements; and

(a) $313,313,743 in respect of the shares in Tilda Limited, subject to any further adjustment (after the adjustment referenced in clause 3.2(c) above) to the Consideration required pursuant to clause 3.4.

3.3 Payment on account of Consideration

The Purchaser shall pay $345,000,000 (three hundred and forty five million dollars) (**"Completion Payment"**) to the Seller (for and on behalf of the Selling Shareholders and the Stock Sellers) on account of the Consideration in cash on Completion.

3.4 **Adjusting payment**

(a) Within five Business Days of the agreement, deemed agreement or determination of the Completion Statements in accordance with schedule 6:

(i) if the Consideration exceeds the Completion Payment, the Purchaser shall pay an amount equal to the difference to the Seller; or

(ii) if the Consideration is less than the Completion Payment, the Seller shall repay an amount equal to the difference to the Purchaser.

(b) Any adjusting payment made in accordance with this clause 3.4 shall be converted (to the extent expressed in Pounds Sterling for the purposes of the Completion Statements) into dollars at the relevant exchange rate prevailing at the close of business on the Business Day immediately preceding the date of payment, as shown in the London edition of the Financial Times, or such other point of reference as the parties shall agree.

3.5 **Withholding requirements**

Without prejudice to the Purchaser's rights pursuant to paragraph 2.9 of part 1 of schedule 3 to this agreement, the Purchaser will not withhold any amount from any part of the Consideration apportioned in respect of Tax, notwithstanding any other provision in this agreement.

3.6 **Claims to be treated as reducing Consideration**

Any payment by the Seller in respect of any Warranty Claim or claims under the Tax Covenant shall, to the extent legally possible, be deemed to reduce the Consideration received by the Seller.

3.7 **Intercompany balances**

(a) Following the final determination of the Completion Statements in accordance with schedule 6, to the extent that there remain outstanding any amounts owing to or from any Target Group Entity to or from any member of the Seller Group which constitute Debt, the parties agree that these amounts will be settled within five Business Days of the Completion Statements being finally determined.

(b) Any trading balances owing to or from any Target Group Entity to or from any member of the Seller Group as at the Effective Time shall be settled in the ordinary course of business and in any event within 30 days of Completion.

3.8 **VAT**

The consideration for any supply made under or pursuant to this agreement (including the sale of the Stock) shall be deemed to be expressed on a VAT exclusive basis (and the party receiving the relevant supply shall pay an amount equal to the VAT so chargeable on presentation of a valid VAT invoice).

4. COMPLETION

4.1 Completion of the sale and purchase of the Shares and the Stock shall take place at the offices of the Seller's Lawyers on the Completion Date.

4.2 On Completion:

(a) the Seller shall comply with the obligations in part 1 of schedule 5; and

(b) the Purchaser shall comply with the obligations in part 2 of schedule 5.

5. PURCHASER WARRANTIES AND UNDERTAKINGS

5.1 The Purchaser warrants to the Seller that:

(a) the Purchaser is validly existing and is a company duly incorporated and registered under the law of its jurisdiction of incorporation;

(b) it is acquiring the Shares for itself (or another member of the Purchaser Group) and not wholly or partly as agent or broker for any other person;

(c) the Purchaser has the legal right, full power and authority and all necessary consents and authorisations to enter into and perform its obligations under this agreement and each other Acquisition Document to which it is or will be party;

(d) this agreement and each other Acquisition Document to which the Purchaser is or will be party constitutes, or will when executed constitute, legal, valid and binding obligations on the Purchaser and will be enforceable in accordance with their respective terms (assuming that each such Acquisition Document has been properly executed by the other parties to it and that their entry into it has been duly authorised);

(e) the entry into and performance of its obligations under this agreement and each other Acquisition Document by the Purchaser will not:

(i) conflict with or breach any provision of its constitutional documents;

(ii) breach any agreement or instrument to which it is party or by which it is bound and which is material in the context of the Acquisition;

(iii) conflict with or breach any applicable law or any requirement of any Authority to which it is subject or submits and which is material in the context of the Acquisition; or

(iv) require the consent, approval or authorisation of any Authority.

5.2 The Purchaser undertakes that between Completion and the close of business on the Completion Date, it will not, and shall procure that the Target Group Entities will not, enter into any arrangements that may result in any transfer of value from the Target Group Entities for the benefit of the Purchaser.

5.3 **No rights against persons other than the Seller**

The Purchaser undertakes to the Seller that (save in the case of fraud or fraudulent concealment) it:

(a) has no rights against (and waives any rights it may have against); and

(b) shall not make any claim against (and waives any claim it may have against),

the Seller Group (other than the Seller) or any current or former Representative of the Seller Group in connection with the transactions contemplated by the Acquisition Documents.

6. SELLER'S WARRANTIES AND UNDERTAKINGS

6.1 Warranties

The Seller warrants to the Purchaser as at the date of this agreement in the terms set out in schedule 2 and part 2 of schedule 3.

6.2 Separate and independent

Each of the Warranties is separate and independent.

6.3 Knowledge or awareness

Any Warranty qualified by a reference (however expressed) to the knowledge or awareness of the Seller shall be limited to the actual knowledge or awareness of Umesh Parmar, Bob Bailie, Paul French, Rajnish Ohri, Hrishikesh Ahluwalia, Beena Goldenberg and Wolfgang Goldenitsch, each such person being deemed to have made reasonable enquiries in respect of the Warranties, and the Seller shall not be required to make any enquiry of any other person, nor shall the Seller be deemed to have any other actual, imputed or constructive knowledge regarding the subject matter of such Warranty.

6.4 No rights against the Target Group Entities etc

Save in the case of fraud or fraudulent concealment, the Seller undertakes to the Purchaser that it:

(a) has no rights against (and waives any rights it may have against); and

(b) shall not make any claim against (and waives any claim it may have against),

the Target Group Entities in respect of any misrepresentation, inaccuracy or omission in or from any information or advice provided by any such person for the purpose of assisting the Seller to give any Warranty and/or prepare the Disclosure Letter.

6.5 Anti-Trust

The Seller shall cooperate with the Purchaser in respect of any voluntary notifications to or enquires received from any anti-trust authorities following Completion. If any such authorities request of the Purchaser and/or the Seller (or any person acting on its behalf of it) information in relation to this agreement or the transactions contemplated by this agreement, then the Seller shall respond promptly (on behalf of itself only) to the request for information in respect of information requested from the Seller (and provide such information). The Seller will consult with the Purchaser to the extent permitted by applicable law as soon as reasonably practicable upon receipt of any such request and maintain continuing close cooperation with the Purchaser in relation to contacts with such authorities. So far as it is permitted by applicable law, the Seller agrees to provide the Purchaser (or its advisers) with all information that the Purchaser (or its advisers) may reasonably request relating to the Seller or any member of the Seller Group or, to the extent available to the Seller, the Business during the period in which it was under the Seller's ownership or control. For the avoidance of doubt, this clause 6.5 relates strictly to the provision of information only and nothing in this clause 6.5 or this agreement shall require the

Seller to take any actions whatsoever in respect of any conditions or restrictions required by an anti-trust authority which are imposed on the Purchaser or the Target Group Entities after Completion.

7. SELLER LIMITATIONS

7.1 The liability of the Seller under or in respect of any Claim shall be limited by, and all Claims shall be dealt with in accordance with, the provisions set out in schedule 4 and part 1 of schedule 3.

7.2 Nothing in schedule 4 or in part 1 of schedule 3 shall operate to exclude or limit any liability of the Seller or any remedy available to the Purchaser in relation to any Claim that arises as a result of the fraud or fraudulent concealment on the part of the Seller or member of the Seller Group.

8. RESTRICTIVE COVENANTS

8.1 The Seller covenants with the Purchaser that it shall not (and it shall procure that each other member of the Seller Group shall not) for a period of 2 years after Completion carry on or be engaged in or be concerned or interested in any business whose principal business is the manufacture, sale or distribution of standalone dry, individual, quick frozen or 'ready to heat' regular, parboiled, basmati, jasmine or wild rice in any territory which the Target Group Entities currently sell standalone dry, individual quick frozen or 'ready to heat' regular, parboiled, basmati, jasmine or wild rice, save if, and only to the extent that, the Seller Group carries on or is engaged in or is concerned or interested in or has relevant product lines in any such business (excluding the Target Group Entities) as at the Completion Date, including any natural and/or planned and documented progression thereof.

8.2 The Seller covenants with the Purchaser that it shall not (and it shall procure that each other member of the Seller Group shall not) for a period of 2 years after Completion approach, canvass, solicit, engage or employ any person who at any time during the period of six months ending on the Completion Date was:

(a) a director of any Target Group Entity; or

(b) a Senior Employee.

8.3 Nothing in clause 8.2 shall prohibit any member of the Seller Group from employing any person who responds to a recruitment advertisement or whose employment with the Purchaser Group has been terminated, provided that such response or termination was not solicited or induced directly or indirectly by that member of the Seller Group.

8.4 The Seller covenants with the Purchaser that it shall not (and it shall procure that each other member of the Seller Group shall not):

(a) for a period of 2 years after Completion:

(i) entice or endeavour to entice any contractor or supplier to breach its contract for services with any Target Group Entity; or

(ii) do or say anything with the deliberate intention of leading any customer or supplier of the Business representing more than 5% of sales or supplies (as the case may be) to any of the Target Group Entities during the 12 month period

immediately prior to Completion to withdraw from or cease to do business with, or to materially reduce the amount of business it transacts with, or adversely change in any material respect the terms on which it does business with any Target Group Entity; and

(b) for period of 10 years after Completion do or say anything which is intended to damage the goodwill or reputation of any Target Group Entity.

8.5 The Seller agrees that the restrictions contained in this clause 8 are no greater than is reasonable and necessary for the protection of the interest of the Purchaser but if any such restrictions shall be held to be void but would be valid if deleted in part or reduced in application, such undertaking shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

9. CONFIDENTIALITY AND ANNOUNCEMENTS

9.1 Definitions

In this clause 9:

(a) **"Announcements"** means the announcements in the Agreed Form to be issued by the Seller and the Purchaser on Completion;

(b) **"discloser"** means the person making the announcement or disclosing or using the information; and, for the purposes of clause 9.6(a), includes its group; and

(c) **"Relevant Party"** means (a) when the discloser is a member of the Purchaser Group, the Seller; or (b) when the discloser is the Seller, the Purchaser.

9.2 Announcements

Other than the Announcements, no party shall, and each party shall procure that its group shall not, at any time issue, or procure the issue of, any press release, circular or other publicity relating to the existence or provisions of this agreement or any other Acquisition Document or the sale of the Shares and the Stock.

9.3 Target Group Entities' confidential information

The Seller shall not, and shall procure that, the Seller Group shall not, at any time after Completion disclose to any person, or use for its own benefit, any confidential information of any Target Group Entity that it holds at Completion.

9.4 Transaction and parties' confidential information

Each party shall and shall procure that its group and its Representatives shall, at all times keep confidential:

(a) the provisions and subject matter of, and the negotiations relating to, this agreement and any other Acquisition Document; and

(b) all confidential information of the other party or its group (as such group is constituted immediately before Completion) received by it as a result of negotiating, entering into or performing this agreement,

and shall use the information only for the purposes contemplated by this agreement or any other Acquisition Document.

9.5 **Permitted announcements and disclosures**

Clauses 9.2, 9.3 and 9.4 shall not restrict the making of any announcement or the disclosure or use of information:

(a) with the prior written consent of the Relevant Party, such consent not to be unreasonably withheld or delayed;

(b) which is required by any law, Judgment, Authority or securities exchange (including, any filings required by the United States Securities and Exchange Commission or the Spanish Comisión Nacional del Mercado de Valores, including filing of any material transaction documents); provided that, in each case such announcement or disclosure only contains content which is so required and (unless such consultation is prohibited) after consultation (so far as reasonably practicable) as to the timing and content of such announcement or disclosure with the Relevant Party; or

(c) that is consistent in all material respects with the Announcements, or any other announcement issued in accordance with this clause 9.5.

9.6 **Other permitted disclosures**

Clauses 9.3 and 9.4 shall not restrict the disclosure or use of information if, but only to the extent:

(a) the information is or becomes publicly available (other than as a result of a breach by the discloser of any provision of (a) this agreement or (b) the non-disclosure agreement between the Seller and the Purchaser referred to in clause 9.7);

(b) the information is independently developed after Completion;

(c) disclosure is made on a strictly confidential and need to know basis by the discloser to (a) its group; or (b) any of its or their Representatives, insurers, pension trustees, auditors or current or prospective funders;

(d) the information (i) was properly and lawfully in the possession of the relevant party (or such member) before the time that it was disclosed by or acquired from the other party (or any other member of its group) or its advisers, or (ii) was not acquired in any way, directly or indirectly, from the other party (or any other member of its group) or its advisers, and provided in each case that such information is not known to be subject to any duty of confidentiality owed to the other party (or any other member of its group); or

(e) required in connection with any legal action or proceedings (including any Acquisition Dispute).

9.7 **Termination of non-disclosure agreement between the parties**

The non-disclosure agreement entered into by Hain Frozen Foods UK Limited and the Purchaser and dated 18 June 2019 shall terminate on Completion (and the Seller shall procure such termination in respect of Hain Frozen Foods UK Limited). Such termination shall not

affect either party's accrued rights (including the right to claim any remedy for breach or non-performance), obligations and liabilities under or in relation to the non-disclosure agreement as at the date of termination.

10. SELLER GROUP NAMES AND MARKS

10.1 Subject to clause 10.2, the Purchaser shall not use, and shall procure that the Purchaser Group shall not use, at any time after Completion, directly or indirectly:

(a) any company or trading name, domain name, logo or trade or service mark (whether registered or unregistered) which includes the words "Hain and/or The Hain Celestial Group" or is owned by the Seller Group (together, **"Seller Group Names and Marks"**); or

(b) any word or device which is confusingly similar.

10.2 The Purchaser shall procure that:

(a) all references to the Seller Group Names and Marks and any other wording or signs that suggest any continued association with the Seller Group are removed from all of the Target Group Entities':

(i) websites and all assets owned or used by the Target Group Entities (excluding products and packaging manufactured before the Completion Date but including products and packaging manufactured after the Completion Date, marketing materials, business stationery, business cards, emails, purchase orders, letterheads, invoices and other communications and documents which are in possession or control of the Target Group Entities and premises), as soon as reasonably practical and in any event within 90 Business Days of the Completion Date; and

(ii) products and packaging manufactured before the Completion Date, as soon as reasonably practical and in any event within 180 days of the Completion Date; and

(b) promptly following the Completion Date, any Target Group Entity whose corporate name includes the word 'Hain' (or any word which is confusingly similar) changes its name to remove it.

10.3 Immediately following Completion the Purchaser shall procure that the Target Group Entities make clear when dealing with any third party that the Target Group Entities are no longer part of the Seller's Group.

10.4 The Purchaser shall indemnify on an After-Tax Basis the Seller and each other member of the Seller Group against any loss arising or accruing in connection with products manufactured for the Business by the Purchaser or the Target Group Entities after the Completion Date, provided that the Purchaser may set off any payment due to the Seller under this clause 10.4 against any payment then due and payable from the Seller to the Purchaser in respect of any Warranty Claim which has been finally determined.

10.5 The Seller shall procure that the relevant member of the Seller Group transfers the Domain Names to Tilda Limited within 60 days of the Completion Date.

11. PURCHASER GROUP NAMES AND MARKS

11.1 Subject to clause 11.2, the Seller shall not use, and shall procure that the Seller Group shall not use, at any time after Completion, directly or indirectly:

(a) any company or trading name, domain name, logo or trade or service mark (whether registered or unregistered) which includes the words "Tilda", "Akash", "Noorani" or "Abushmagh" or is owned by the Purchaser Group (together, **"Purchaser Group Names and Marks"**); or

(b) any word or device which is confusingly similar.

11.2 The Seller shall procure that:

(a) all references to the Purchaser Group Names and Marks and any other wording or signs that suggest any continued association with the Purchaser Group are removed from all of the members of the Seller Group's:

(i) websites and all customer-facing assets owned or used by any member of the Seller Group (excluding products and packaging manufactured before the Completion Date but including products and packaging manufactured after the Completion Date, marketing materials, business stationery, business cards, emails, purchase orders, letterheads, invoices and other communications and documents which are in possession or control of any member of the Seller Group and their premises), as soon as reasonably practical and in any event within 90 Business Days of the Completion Date; and

(ii) products and packaging manufactured before the Completion Date, as soon as reasonably practical and in any event within 180 days of the Completion Date;

(b) promptly following the Completion Date, any member of the Seller Group whose corporate name includes the word 'Tilda' (or any word which is confusingly similar) changes its name to remove it including but not limited to Tilda Hain International Private Limited.

12. INDEMNITIES

12.1 In this clause 12, **"Indemnified Matters"** means:

(a) the claim made against any Tilda International DMCC by Sarraf Limited arising in connection with the termination of the distributor arrangement between Sarraf Limited and Tilda International DMCC;

(b) any penalty payment made by Tilda International DMCC to the UAE Federal Tax Authority relating to its failure prior to Completion to properly charge, invoice and/or account for VAT in respect of imported goods in the tax periods falling between 1 January 2018 and 31 December 2018;

(c) the detection of mouldy rice grains in Silo 9 at the Pakistani basmati rice storage facility located at Coldharbour Lane, Rainham, Essex, RM13 9YQ United Kingdom (**"Silo 9"**) and condensation on the walls of Silo 9; and

(d) the presence of isoprothiolane at a level above the general maximum residue limit in Canada (of 0.1 µg/g) in respect of certain specific 'Tilda Pure Original Basmati Rice' products, as set out in paragraph 20.2 of the Disclosure Letter and document 6.4.1.1 in the Data Room.

12.2 Subject to clauses 12.5 and 12.9 and, in relation to clause 12.1(d), to clause 12.10, and to the Purchaser's compliance with the provisions of clauses 12.3, 12.4, 12.6 and 12.8, the Seller undertakes to the Purchaser that it shall, as soon as reasonably practicable on demand by the Purchaser pay to the Purchaser (on an After-Tax Basis) an amount equal to:

(a) in relation to the matter set out in clause 12.1(a), the amount of the damages, costs, actions, awards, penalties, fines, proceedings, claims, demands, liabilities (including any liability to Tax) and expenses (including reasonable and properly incurred legal and other professional fees and expenses) which the Purchaser Group actually incurs arising from or in connection with such matter;

(b) in relation to the matter set out in clause 12.1(b), the amount of the tax penalty referred to in clause 12.1(b) (including reasonable and properly incurred legal and other professional fees and expenses incurred by the Purchaser Group in connection with such penalty); and

(c) in relation to the matter set out in clause 12.1(c):

(i) the value of any rice stock in Silo 9 which is determined to be unsaleable and subsequently discarded, such value to be taken from the Completion Statements (net of any provisions); and

(ii) any:

(A) fine or penalty levied by any Authority against a Target Group Entity; or

(B) liabilities, costs or expenses (including reasonable and properly incurred legal and other professional fees and expenses) which the Purchaser Group actually incurs and arising directly as a result of any product recall required,

in each case in respect of the matter set out in clause 12.1(c), but only to the extent that such fine, penalty or recall relates to products sold or packaged prior to Completion;

(iii) any costs, liabilities and expenses (including reasonable and properly incurred legal and other professional fees and expenses) which the Purchaser Group incurs arising from remedial actions taken with respect to the removal, testing, washing or clean-up of any raw materials or equipment within Silo 9 or Silo 9 itself; and

(d) in relation to the matter set out in clause 12.1(d), any fine or penalty levied by the Canadian Food Inspection Agency against a Target Group Entity and any liabilities, costs or expenses (including reasonable and properly incurred legal and other professional fees and expenses) which the Purchaser Group actually incurs arising directly as a result of any product recall required in respect of the matter set out in clause 12.1(d),

each (an **"Indemnity Claim"**).

12.3 The parties acknowledge that there are on-going disputes related to the Indemnified Matters in clauses 12.1(a) and 12.1(b) and following Completion the Seller or one of its Affiliates shall be permitted to retain sole conduct of any legal action, discussion, dispute, negotiation or proceedings in respect of the Indemnified Matters and the Purchaser shall and shall procure the Purchaser Group shall take all such actions as the Seller requests in writing to support in assessing, defending, mitigating, settling or reaching compromise on any matter giving rise to an Indemnity Claim or to appeal against any judgment or other adjudication made in relation to an Indemnity Claim (including using professional advisers nominated by the Seller).

12.4 In respect of the Indemnified Matter in clause 12.1(c), the Purchaser shall (and shall procure the Purchaser Group shall):

(a) consult with the Seller and take all such actions as the Seller may reasonably request in respect of any remedial actions contemplated with respect to the removal, testing, washing or clean-up of any raw materials or equipment within Silo 9 or Silo 9 itself, and shall notify the Seller in advance of, and permit a representative of the Seller's Group to be present for, any inspections, tests or other material actions taken with respect to such remedial actions; and

(b) only write down any relevant rice stock in a manner and to an extent consistent with the practices and policies of the Business prior to Completion.

12.5 The Purchaser shall not be entitled to make any claim in respect of or to recover any sums pursuant to clause 12.2(c) unless the Purchaser and all of the other relevant members of the Purchaser Group have first used their respective best endeavours to recover the relevant sums pursuant to any insurance policies maintained by any of the Target Group Entities at or following Completion (each a **"Policy"**), and then only to the extent that recovery against such policies has not been made. For the purposes of this clause 12.5 'best endeavours' shall not extend to taking legal action to recover any sum from an insurer where, beyond a reasonable doubt, no member of the Purchaser Group is entitled to recover such sum under any Policy.

12.6 The Purchaser shall, and shall procure that the Purchaser Group shall:

(a) take all reasonable steps to minimise the Purchaser Group's liability in relation to any Indemnified Matter;

(b) in relation to the matters set out in clauses 12.1(c) and 12.1(d), take all such actions as the Seller may reasonably request:

(i) in assessing, defending, mitigating, settling or reaching compromise on any claim, demand, action, award, penalty, fine or proceedings in respect of such matter;

(ii) to appeal against any fine or penalty levied or any ruling, award, judgment or other adjudication made in relation to such matter; or

(iii) in connection with the conduct of any product recall required as a result of such matter;

(c) not admit liability in relation to, nor cease to defend, settle or compromise, any matter that could give rise to an Indemnity Claim without the prior written consent of the Seller;

(d) keep the Seller fully and promptly informed of all material developments in relation to any matter that could give rise to an Indemnity Claim of which it is notified;

(e) preserve all documents, records, correspondence, accounts and other information whatsoever (in whatever form held) which it considers (acting reasonably) to be relevant to any Indemnified Matter (**"Retained Information"**);

(f) during normal business hours and on reasonable notice, and as the Seller may reasonably require:

(i) allow the Seller and its Representatives to have access to the Retained Information, its premises and assets, and to take copies (at the Seller's own expense) of the Retained Information or any part of it and photographs of any premises or assets; and

(ii) make available to the Seller and its Representatives such of its personnel who are in possession of the Retained Information or any part of it (such personnel to be available at the premises at which the relevant individual is employed and to attend legal proceedings);

(g) consult with the Seller and take all such actions as the Seller may reasonably request in writing to pursue any relevant Indemnity Recovery Claim (including the institution of any legal action or proceedings and any appeal against any judgment or other adjudication made in relation to them);

(h) in relation to the insurance policies of the Target Group Entities that are in place at Completion and under which recovery may be made in respect of any of the Indemnified Matters, maintain such insurance policies, or policies that provide an equivalent level of cover, for so long as the Purchaser is entitled to make any claim in respect of an Indemnified Matter;

(i) otherwise take all reasonable steps to maximise any recovery in relation to any relevant Indemnity Recovery Claim; and

(j) not withdraw, settle or compromise any relevant Indemnity Recovery Claim without the prior written consent of the Seller, not to be unreasonably withheld or delayed.

12.7 If the Seller has made a payment in respect of an Indemnity Claim (**"Indemnity Claim Payment"**) and the Purchaser Group subsequently recovers from a third party any sum in respect of any corresponding Indemnity Recovery Claim, the Purchaser shall repay promptly to the Seller an amount equal to the lesser of (a) the sum recovered (less all reasonable out of pocket costs and expenses incurred by the Purchaser Group in obtaining such recovery and any tax incurred by the Purchaser Group in respect of the sum recovered); and (b) the amount of the Indemnity Claim Payment.

12.8 The Purchaser shall not and shall procure that the Purchaser Group and any of their Representatives shall not have any communications with:

(a) Sarraf Limited in relation to any matter directly or indirectly relating to the matter set out in clause 12.1(a); or

(b) the UAE Federal Tax Authority in relation to any matter directly or indirectly relating to the matter set out in clause 12.1(b),

without consultation with and consent to the Seller.

12.9 Notwithstanding any other term of this agreement, the aggregate liability of the Seller in respect of claims in relation to the matter set out in clause 12.2(c)(i), shall not exceed an amount equal to the value ascribed to the rice stock in Silo 9 pursuant to the Completion Statements, net of any provisions.

12.10 The Seller shall only be liable to the Purchaser in respect of the matter set out in clause 12.1(d) to the extent that a fine or penalty is levied by the Canadian Food Inspection Agency against a Target Group Entity, or a product recall is required in relation to such matter, on or before the date falling 12 months after the date of this agreement.

13. ACCESS TO INFORMATION AND FILINGS

13.1 The Purchaser shall procure that:

(a) all books of account, records, documents and information of any Target Group Entity (in whatever form) relating to the period before Completion (**"Target Entity Information"**) are preserved for seven years from the Completion Date or as long as is required by applicable law; and

(b) the Seller Group and its Representatives (upon entering into a non-disclosure agreement in a form reasonably required by the Purchaser) are provided with such copies (at the Seller's expense) of, such Target Entity Information as they reasonably required for tax, accounting or insurance purposes, or to comply with any law, Judgment or requirement of any Authority or securities exchange.

13.2 The Seller shall procure that:

(a) all books of account, records, documents and information of any Target Group Entity (in whatever form) relating to the period before Completion that are retained by the Seller Group (**"Retained Information"**) are preserved for seven years from the Completion Date or as long as is required by applicable law; and

(b) each Target Entity and its Representatives (upon entering into a non-disclosure agreement in a form reasonably required by the Seller) are provided with such copies as they may request (at such Target Entity's expense) of, its Retained Information.

13.3 The Purchaser shall (at the Seller's cost) provide all reasonable assistance to the Seller in relation to the filing of any tax election of the Seller Group (including with respect to providing a signature on such form), provided that the Purchaser shall not be obliged to take or procure the taking of any step in relation to any such election that would give rise to or increase an Actual Tax Liability or Effective Tax Liability (each as defined in schedule 3) of any Target

Group Entity or member of the Purchaser Group that would not be covered by the Tax Covenant.

14. RELEASE OF SELLER GROUP GUARANTEES

14.1 The Purchaser shall use all reasonable endeavours to procure the release of the Seller Group from the guarantees, securities, indemnities, agreements or other commitments given by or binding on the Seller Group in respect of any obligation or liability of any Target Group Entity as listed in the Agreed Form (**"Seller Group Guarantees"**) as soon as reasonably practicable after Completion.

14.2 The Purchaser shall indemnify on an After-Tax Basis the Seller Group against all liabilities, costs and expenses incurred (whether before or after Completion) under or in relation to the Seller Group Guarantees.

15. INSURANCE

The Purchaser acknowledges and agrees with the Seller that, on and with effect from Completion:

15.1 all insurance cover provided in relation to Target Group Entities pursuant to policies maintained by the Seller Group (each a **"Seller Insurance Policy"**) shall cease;

15.2 it shall be the sole responsibility of the Purchaser to ensure that adequate insurances are put in place for each Target Group Entity; and

15.3 it will procure that no Target Group Entity make any claim under any Seller Insurance Policy, except under and subject to the terms of any "occurrence-based" Seller Insurance Policy when such claim arises from an event or circumstance that occurred before Completion.

16. ASSIGNMENT AND SUCCESSORS

16.1 In this clause 16, any reference to the Purchaser's **"rights under this agreement"** includes all or any benefits or rights of the Purchaser under this agreement, including the Warranties (together with any cause of action arising out of or in connection with any Warranty).

16.2 Except as provided in clauses 16.3 and 16.4, the Purchaser may not assign, transfer, grant any Encumbrance over, declare any trust over or deal in any other way with its rights under this agreement without the prior written consent of the Seller.

16.3 The Purchaser may assign its rights under this agreement to the Purchaser Group. Such assignee shall not be entitled to enforce any right assigned to it if it ceases to be a member of the Purchaser Group. The Purchaser shall procure that such assignee reassigns such rights under this agreement back to the Purchaser Group before such assignee ceases to be a member of it.

16.4 The Purchaser may assign or grant any Encumbrance over its rights under this agreement by way of security in favour of any person who has agreed at any time to provide finance to the Purchaser Group to assist in or refinance the transaction contemplated by this agreement, and/or to any agent or trustee of such person for the time being, provided that any such assignee or grantee shall not be entitled to assign such rights other than by way of the enforcement or release of such security. Notwithstanding any such assignment by way of security, the Seller may,

unless and until it receives notice of enforcement of the relevant security interest, deal with the Purchaser in relation to all matters arising out of or in connection with this agreement.

16.5 If the Purchaser assigns or grants an Encumbrance over its rights under this agreement as permitted by this clause 16, then:

(a) the Purchaser shall, as soon as reasonably practicable, give notice of such assignment or grant to the Seller; and

(b) the liability of the Seller to the assignee or other person entitled to the Purchaser's rights under this agreement pursuant to this clause 16 shall not be greater than it would have been had such assignment or grant not taken place, and all the rights, benefits and protections afforded to the Seller shall continue to apply for the benefit of the Seller as against the assignee or such other person as they would have applied as against the Purchaser.

16.6 This agreement shall be binding on and continue for the benefit of the successors and assignees of each party.

17. THIRD PARTY RIGHTS

17.1 Except for the benefits and rights given to the Seller Group (other than the Seller) under clauses 5.3 (No rights against persons other than the Seller), 6.4 (No rights against the Target Group Entities etc.), 10 (Seller Group Names and Marks), 13.1 (Access to information), and 14.1/14.2 (Release of Seller Group Guarantees), a person who is not a party to this agreement shall not have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement.

17.2 The parties may, without the consent of the Seller Group (other than the Seller), rescind or vary this agreement in such a way as to extinguish or alter the benefits or rights conferred by clause 17.1.

18. COSTS AND EXPENSES

18.1 Unless otherwise expressly provided in this agreement, each party shall bear its own costs and expenses incurred in relation to the negotiation, preparation, execution and implementation of this agreement.

18.2 The Purchaser shall pay promptly all stamp duty or other similar transfer Tax payable in connection with this agreement or its execution or on or in respect of the transfer of the Shares.

19. PAYMENTS, ETC

19.1 In this clause 19, **"Payment Account"** means:

(a) if the relevant payment is to be made to the Seller, (unless otherwise agreed in writing in respect of such payment) the account of the Seller at:

Bank:	[Redacted]
Sort code:	[Redacted]
Account number:	[Redacted]
Account name:	[Redacted]

(b) if the relevant payment is to be made to the Purchaser, (unless otherwise agreed in writing in respect of such payment) the account of the Purchaser at:

Bank:	[Redacted]
Sort code:	[Redacted]
Account number:	[Redacted]
Account name:	[Redacted]

19.2 Any payment to be made to the Seller or the Purchaser under this agreement shall be effected by transfer of immediately available funds to the relevant Payment Account.

19.3 Any payment to be made to any party under this agreement or any other Acquisition Document shall be made in full, without any set off, counterclaim, deduction or withholding whatsoever, except to the extent required by law (in which event, such deduction or withholding shall not exceed the minimum amount required by law).

20. FURTHER ASSURANCE

Each party shall from time to time, so far as it is reasonably able, do (or procure to be done) all such other things and/or execute and deliver (or procure to be executed and delivered) all such other documents as the other party may reasonably request (at that other party's expense) to give effect to this agreement.

21. ENTIRE AGREEMENT

21.1 In this clause 21, **"Representation"** means representation, warranty, statement or assurance (whether contractual or otherwise).

21.2 The Acquisition Documents (as varied in accordance with their terms) constitute the entire agreement and understanding between the parties in connection with the transactions contemplated by the Acquisition Documents. Accordingly, they supersede and extinguish all previous agreements, arrangements and understandings between, and (unless, but only to the extent, incorporated in the Acquisition Documents) all Representations given by, the parties in connection with such transactions.

21.3 Each party acknowledges that it has not relied on, or been induced to enter into any Acquisition Document by, any Representation given by any person (whether a party to this agreement or not) that is not incorporated in any Acquisition Document.

21.4 No party shall be liable in equity, contract or tort, under the Misrepresentation Act 1967 or in any other way for any Representation that is not incorporated in any Acquisition Document.

21.5 No party shall be liable in tort or under the Misrepresentation Act 1967 for any Representation that is incorporated in any Acquisition Document.

21.6 This clause 21 shall not exclude or limit any liability or remedy arising as a result of any fraud.

22. GENERAL

22.1 Severance

If any provision of this agreement is or becomes illegal, invalid or unenforceable in any respect, that shall not affect or impair the legality, validity or enforceability of any other provision of

this agreement. If any illegal, invalid or unenforceable provision of this agreement would be legal, valid and enforceable if some part or parts of it were deleted, such provision shall apply with the minimum deletion(s) necessary to make it legal, valid and enforceable.

22.2 Variation

No variation of this agreement shall be valid unless it is in writing and signed by or on behalf of the Seller and the Purchaser.

22.3 Waiver

Unless otherwise expressly provided in this agreement, no right or remedy under or in respect of this agreement shall be precluded, waived or impaired by (a) any failure to exercise or delay in exercising it; (b) any single or partial exercise of it; (c) any earlier waiver of it, whether in whole or in part; or (d) any failure to exercise, delay in exercising, single or partial exercise of or earlier waiver of any other such right or remedy.

22.4 Cumulative remedies

Unless otherwise expressly provided in this agreement, the rights and remedies under this agreement are in addition to, and do not exclude, any rights or remedies provided by law (including equitable remedies).

22.5 Counterparts

This agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this agreement, but all the counterparts shall together constitute one and the same agreement.

22.6 Effect of Completion

Each provision of this agreement (other than any obligation which is fully performed at Completion) shall remain in full force and effect after Completion.

23. NOTICES

23.1 Interpretation

In this clause 23:

(a) **"Business Day"** means any day on which commercial banks are open for general business in the principal financial centre of the country in or to which the Notice is delivered or sent; and

(b) any reference to a time is to the local time in the place at or to which the Notice is delivered or sent.

23.2 Form of Notice

Any notice or other communication to be given or made to a party under or in connection with this agreement (**"Notice"**) shall be in English, in writing and signed by or on behalf of the party giving it.

23.3 **Method of giving Notice**

Any Notice shall be sent to the relevant party at the postal or email address and for the attention of the person specified in clause 23.4. Service or delivery of a Notice must be effected:

(a) personally, by hand delivery or by courier (using an internationally recognised courier company);

(b) by prepaid recorded delivery post or equivalent if the address of the party receiving the Notice (**"Recipient"**) is in the same country as the party serving or delivering the Notice (**"Sender"**); or

(c) by email, provided that when a Notice is served on or delivered to the Recipient by email, the Sender must deliver a copy of such Notice to the Recipient in accordance with the provisions of clauses 23.3(a) and 23.5(a) or clauses 23.3(b) and 23.5(b) by 5.00 pm on the fifth Business Day after the date on which the original Notice is deemed to have been served or delivered in accordance with clause 23.5(c).

23.4 **Contact details for Notices**

The postal and email addresses and relevant contacts of the parties for the purposes of clause 23.3 are:

Seller:	The Hain Celestial Group, Inc.
FAO:	[Redacted]
Address:	1111 Marcus Avenue, Lake Success, New York 11042, USA
Email:	[Redacted]
Copy:	DLA Piper UK LLP of 160 Aldersgate Street, London EC1A 4HT (marked for the attention of Robert Bishop)
Email:	[Redacted]
Purchaser:	Ebro Foods S.A.
Purchaser's Agent:	S&B Herba Foods, Ltd
FAO:	[Redacted]
Address:	Orpington Central Court | 1b Knoll Rise Orpington, Kent, BR6 0JA
Email:	[Redacted]
Copy:	[Redacted]

or, in each case, such other address or contact as a party may notify to the others in accordance with this clause 23 or clause 24.4. Notice of any change shall be effective five Business Days after the date on which it is deemed to have been served or delivered in accordance with this clause 23, or such later date as may be specified in the Notice.

23.5 **Deemed service or delivery**

Any Notice which has been served or delivered in accordance with clause 23.3 shall be deemed to have been served or delivered:

(a) if served or delivered personally, by hand or by courier, at the time of service or delivery at the relevant address;

(b) if posted by prepaid recorded delivery post or equivalent, at 10.00 am on the third Business Day after the date of posting; or

(c) if sent by email, at the time the email is sent,

provided that if, under clauses 23.5(a) or 23.5(c), any Notice would be deemed to have been served or delivered after 5.00 pm on a Business Day and before 9.00 am on the next Business Day, such Notice shall be deemed to have been served or delivered at 9.00 am on the second of such Business Days.

23.6 **Proof of service or delivery**

In proving service or delivery of a Notice, it shall be sufficient to prove:

(a) that the envelope containing the Notice was properly addressed and either (a) that service or delivery personally, by hand or by courier was made to such address; or (b) posted by prepaid recorded delivery post (or equivalent) and delivered to the address on it; or

(b) in the case of email, that the email was properly addressed and sent to the email address of the Recipient for the purposes of clause 23.3.

23.7 **Service of process**

Clause 23 shall not apply to the service of process in any legal action or proceedings relating to any Acquisition Dispute.

24. AGENT FOR SERVICE

24.1 In this clause 24, **"Seller's Agent"** means Hain Frozen Foods UK Limited, 2100 Century Way, Thorpe Park Business Park, Leeds, West Yorkshire, LS15 8ZB and **"Purchaser's Agent"** means S&B Herba Foods, Ltd. Orpington Central Court | 1b Knoll Rise Orpington, Kent, BR6 0JA (or, in each case, any substitute agent appointed pursuant to clause 24.4).

24.2 The Purchaser:

(a) (subject to clause 24.4) irrevocably appoints the Purchaser's Agent as its agent to accept service on its behalf of (a) Notices and (b) process in any legal action or proceedings before the courts of England and Wales relating to any Acquisition Dispute;

(b) irrevocably agrees that any Notice to be given to it is deemed to have been properly given if it is given to the Purchaser's Agent in accordance with the provisions of clause 23 (whether or not such Notice is forwarded to or received by the Purchaser); and

(c) irrevocably agrees that failure by the Purchaser's Agent to notify it of the process will not invalidate the legal action or proceedings concerned.

24.3 The Seller:

(a) (subject to clause 24.4) irrevocably appoints the Seller's Agent as its agent to accept service on its behalf of (a) Notices and (b) process in any legal action or proceedings before the courts of England and Wales relating to any Acquisition Dispute;

(b) irrevocably agrees that any Notice to be given to it is deemed to have been properly given if it is given to the Seller's Agent in accordance with the provisions of clause 23 (whether or not such Notice is forwarded to or received by the Seller); and

(c) irrevocably agrees that failure by the Seller's Agent to notify it of the process will not invalidate the legal action or proceedings concerned.

24.4 If, for any reason, the Seller's Agent or the Purchaser's Agent (as the case may be) cease to be able to act as agent or no longer has a postal address in the United Kingdom, the Purchaser or the Seller (as applicable) shall immediately:

(a) (subject to this clause 24.4) irrevocably appoint a substitute agent with a postal address in the United Kingdom; and

(b) notify the other party of the name, address and relevant contact (where appropriate) of the substitute agent.

Such appointment and notice shall be effective five Business Days after the date on which the notice given pursuant to clause 24.4(b) is deemed to have been served or delivered in accordance with clause 23.

25. GOVERNING LAW AND JURISDICTION

25.1 This agreement and any Acquisition Dispute are governed by and shall be construed in accordance with English law.

25.2 The Purchaser irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any Acquisition Dispute.

25.3 The Purchaser irrevocably agrees that the courts of England and Wales are the most appropriate and convenient courts to settle Acquisition Disputes and, accordingly, the Purchaser will not argue to the contrary. Further, the Purchaser irrevocably agrees that a Judgment in any legal action or proceedings brought in the courts of England and Wales in relation to an Acquisition Dispute shall be conclusive and binding on it and may be enforced in the courts of any other jurisdiction.

25.4 Nothing in this agreement shall affect the right of any party to serve any process in any legal action or proceedings relating to any Acquisition Dispute in any other manner permitted by law.

25.5 If this agreement is translated into any language other than English, the English language text shall prevail.

SCHEDULE 1: WARRANTED INFORMATION

For purposes of this Exhibit 2.1, the following information is omitted from Schedule 1:

- Organizational details relating to the following Target Entities: Tilda Limited, Tilda Hain India Private Limited and Brand Associates Limited;
- Organizational details relating to the following Subsidiaries: Tilda International DMCC and Tilda Rice Limited; and
- Information regarding certain Freehold Property and Leasehold Property.

[Omitted]

[Omitted]

[Omitted]

[Omitted]

SCHEDULE 2: WARRANTIES

1. The Hain Sellers

1.1 The Hain Sellers are validly existing and are companies duly incorporated and registered under the law of their jurisdiction of incorporation.

1.2 The Seller has the legal right, full power and authority and all necessary consents and authorisations, including without limitation, all corporate authorisations and governmental and statutory consents, approvals and licences required to enter into and perform its obligations under this agreement and each other Acquisition Document to which it is or will be party.

1.3 The Selling Shareholders have the legal right, full power and authority and all necessary consents and authorisations, including without limitation, all corporate authorisations and governmental and statutory consents, approvals and licences required to sell the relevant Target Group Entities of which they are a shareholder.

1.4 The Stock Sellers have the legal right, full power and authority and all necessary consents and authorisations, including without limitation, all corporate authorisations and governmental and statutory consents, approvals and licences required to sell the relevant Stock which they own.

1.5 This agreement and each other Acquisition Document to which either the Seller and/or the other Selling Shareholder are or will be party constitutes, or will when executed constitute, legal, valid and binding obligations on the Seller and/or the other Selling Shareholder and will be enforceable in accordance with their respective terms (assuming that each such Acquisition Document has been properly executed by the other parties to it).

1.6 The entry into and/or performance of its obligations under this agreement and each other Acquisition Document by each Hain Seller will not:

(a) conflict with or breach any provision of its constitutional documents;

(b) breach any agreement or instrument to which it is party or by which it is bound and which is material in the context of the Acquisition;

(c) conflict with or breach any applicable law, order, judgment or any requirement of any Authority, or other restriction to which it is subject or submits; or

(d) require the consent, approval or authorisation of any Authority, or any other person.

2. Share Capital

2.1 The Shares and the issued shares of each other Target Group Entity as set out in parts 2 and 3 of schedule 1:

(a) are legally and beneficially owned by the relevant Selling Shareholder or Target Entity;

(b) constitute (in each case) the entire issued and allotted share capital of the relevant entity;

(c) have been properly and validly issued and allotted and are fully paid up; and

(d) are free from any Encumbrance.

2.2 Each Target Group Entity is a company duly incorporated and registered under the law of its jurisdiction of incorporation and each Target Group Entity has been in continuous existence since its incorporation.

2.3 No person has any right (whether contingent or otherwise) to require any Selling Shareholder or Target Entity:

(a) to allot, or grant rights to subscribe for, shares in any Target Group Entity; or

(b) to convert any existing securities into, or to issue securities that have rights to convert into, shares in any Target Group Entity.

2.4 In the last 5 years, none of the Target Group Entities have purchased, redeemed, reduced, repaid or forfeited any of its share capital.

3. Interests in other companies, etc

3.1 No Target Group Entity is the legal or beneficial owner of, or has agreed to acquire, any shares, securities or other interests in any company (other than the Subsidiaries as set out in part 3 of schedule 1).

3.2 No Target Group Entity has in the last 5 years had any subsidiaries or subsidiary undertakings (within the same meaning as that set out in section 1162 of the UK Companies Act 2006, and applying, mutatis mutandis, to non-UK entities), other than the Subsidiaries as set out in part 3 of schedule 1.

3.3 No Target Group Entity is, or has agreed to become, a member of any partnership, unincorporated association, joint venture or consortium (other than recognised trade associations).

3.4 No Target Group Entity has any branch or permanent establishment outside its country of incorporation.

4. Corporate Information

4.1 The information set out in parts 1, 2 and 3 of schedule 1 relating to the Target Group Entities and the Selling Shareholders is true, accurate and complete.

4.2 The Due Diligence Information contains a copy of the current constitutional documents of each Target Group Entity.

4.3 The registers and minute books required to be maintained by each Target Group Entity under the law of its jurisdiction of incorporation, a copy of which is contained in the Disclosed Information, are in its possession or under its control and constitute an accurate record of all matters required by law to appear in them, comply with the relevant legal requirements, and are up to date in all respects. No Target Group Entity has received written notice that any of them should be rectified.

4.4 All returns, particulars, resolutions and other documents that each Target Group Entity is required by law to file with, or deliver to, any authority in any jurisdiction (including, in particular, the Registrar of Companies in England and Wales) have been correctly made up and duly filed or delivered.

4.5 All deeds and documents belonging to each Target Group Entity, or to which it is a party, are in the possession of the relevant Target Group Entity.

4.6 Tilda Rice Limited is considered a dormant company under the laws of England and Wales and is non-trading.

4.7 There are no powers of attorney granted by any Target Group Entity to anyone other than another Target Group Entity or one of their officers or employees in the ordinary course of business which are currently in force.

4.8 No person who is not an employee or officer of a Target Group Entity is entitled or authorised in any capacity to bind or commit any Target Group Entity to any obligation outside the ordinary course of the Business.

5. Insolvency

5.1 Neither the Seller, any other Selling Shareholder nor any Target Group Entity is insolvent under the law of its jurisdiction of incorporation, and it is not unable to pay its debts as they fall due, nor has it stopped paying its debts as they fall due.

5.2 No arrangement or compromise has been proposed, agreed to or sanctioned between any creditor and either of the Seller, any other Selling Shareholders or any Target Group Entity.

5.3 No liquidator, provisional liquidator, administrator, receiver, administrative receiver or similar officer has been appointed in relation to the Seller, any other Selling Shareholders or any Target Group Entity or any of their assets nor has any application or notice of intention to appoint any such person been made.

5.4 No resolution has been passed, proceedings commenced or order made for the winding-up or striking off or any other reorganisation or restructuring of the Seller, any other Selling Shareholders or any Target Group Entity.

6. Accounts

6.1 The Accounts:

(a) were prepared in accordance with applicable laws and generally accepted accounting practices in force at the date to which they were prepared in the jurisdiction of incorporation of the relevant Target Group Entity;

(i) gave a true and fair view of the state of:

(A) the financial position, assets and liabilities and state of affairs of the relevant Target Group Entity as at the relevant Accounts Date; and

(B) the profit or loss and cash flow of the relevant Target Group Entity for the financial year ended on the relevant Accounts Date;

(ii) were prepared on a basis substantially consistent with the statutory accounts of the relevant Target Group Entity for the previous three financial years and prepared using consistent accounting policies and procedures.

6.2 The results shown by the Accounts were not affected by any extraordinary item (as such term is defined in FRS 102).

7. Management accounts and Pro-forma Accounts

7.1 The Management Accounts are not misleading in any material respect.

7.2 The Management Accounts were:

(a) prepared with due care and attention and on a basis substantially consistent with the management accounts of the relevant Target Group Entity for the previous three financial years, it being acknowledged that they have not been prepared on a statutory basis and have not been reviewed or considered by the relevant Target Group Entity's auditors; and

(b) in the case of each Target Group Entity, prepared in all respects using accounting practices, policies and procedures consistent with those adopted in the preparation of the management accounts of the relevant Target Group Entity for the previous financial year.

7.3 The Pro-forma Accounts were prepared in good faith and provide an aggregated view of the state of affairs of the Target Group Entities, their assets and liabilities and their profits or losses (after taking into account the various adjustments made in preparing the Pro-forma Accounts), as at and for the periods set out therein that is not materially misleading having regard to the purpose for which the underlying Management Accounts were prepared, it being acknowledged that they have not been prepared on a statutory basis and have not been reviewed or considered by the relevant Target Group Entity's auditors.

8. Changes Since the Accounts Date

8.1 In respect of each Target Group Entity, since the Accounts Date (relevant to such Target Group Entity):

(a) it has carried on its business in the ordinary and usual course and so as to maintain the business as a going concern;

(b) has not made, or agreed to make, capital expenditure exceeding in total £250,000 which is not reflected in the Management Accounts;

(c) it has not passed a resolution of its shareholders (ordinary or special) and no dividend or distribution has been declared, authorised or paid (except for as provided in the Management Accounts);

(d) it has not made any changes in the terms of employment, including pension fund commitments which, taken together, could increase the staff costs of the Target Group Entities, in aggregate, by more than £500,000 per annum or the remuneration of any one director or employee by more than £100,000 per annum; and

(e) no agreements or arrangements have been entered into (or existing agreements or arrangements otherwise amended) with any member of the Seller Group.

9. Funding and Security

9.1 The Disclosed Information contains details of all overdrafts, loans, borrowings or other indebtedness or other financial facilities (including in respect of loan stock/notes, letters of credit, bank guarantees or similar facilities, debentures, factoring/invoice discounting/stock financing arrangements, derivatives and hedging arrangements) currently available to or owing by any Target Group Entity (**"Facilities"**) together with all security and guarantees (i) provided by any Target Group Entity as security for and/or to guarantee any indebtedness of a member of the Seller Group and/or (ii) provided by any entity within the Seller Group which is not a Target Group Entity to secure or guarantee any indebtedness of a Target Group Entity.

9.2 No Target Group Entity has within the past 2 years received written notice (and there is no written notice received before that time that is still outstanding at the date of this agreement):

(a) that it is in default under the terms of any of the Facilities (which default remains outstanding at the date of this agreement);

(b) to repay any of the Facilities in advance of their stated maturity;

(c) of a demand under any guarantee given by it in respect of any indebtedness owed by a member of the Seller Group; or

(d) of any enforcement action threatened, pending or in progress in respect of any security provided by it to secure the indebtedness of any member of the Seller Group.

9.3 No Target Group Entity is a party to any subsisting debt factoring or discounting arrangement or agreement.

9.4 The entry into and performance of their respective obligations under this agreement and each other Acquisition Document by the parties will not breach any of the Facilities or give rise to any charge, fee or financial penalty under any of them.

9.5 There are no guarantees, securities, indemnities, agreements or other commitments given by or binding on any Target Group Entity in respect of any obligation or liability of the Seller Group.

9.6 There are no amounts due to Bank of America N.A from Tilda Hain India Private Limited under the Master Facilities Agreement dated 10 October 2017.

10. Assets

For the purposes of this paragraph 10 only, a **"material asset"** means `an asset (other than the Properties, IP, inventory, goodwill and trading stock) with a book value in the relevant Target Group Entity Accounts of, or one acquired since then at a purchase price of, more than $50,000.

10.1 Each Target Group Entity owns (legally and beneficially) and has the right to use, all material assets, free from any Encumbrance.

10.2 All material assets are in the possession of or under the control of the Target Group Entities.

10.3 In the Seller's reasonable opinion, the material assets used or held by each Target Group Entity comprise all of the material assets necessary for the continuation of the business of such Target Group Entity as currently carried on.

10.4 No member of the Seller Group depends on the use of assets owned, or facilities and services provided, by any of the assets owned by the Target Group Entities.

10.5 No Target Group Entity depends on the use of assets owned, or facilities provided, by any member of the Seller Group (or any person connected with any member of the Seller Group) which will not be transferred to the Purchaser at Completion.

10.6 The list of assets contained in the Disclosed Information is a true and accurate list of each of the material assets owned by the Target Group Entities.

10.7 The Disclosed Information contains details of each hire purchase or finance lease agreement under which any material asset is held by any Target Group Entity (**"Finance Lease Agreements"**).

10.8 No Target Group Entity has within the past two years received written notice from a counterparty to any Finance Lease Agreement that it is in breach of its obligations under such agreement (which breach remains outstanding at the date of this agreement).

10.9 No Target Group Entity and, so far as the Seller is aware, no other party is in breach of any Finance Lease Agreement. So far as the Seller aware, there are no circumstances which are likely to give rise to such a breach.

11. Stock and Inventory

11.1 The Stock and each Target Group Entity's stocks of raw materials, consumables, packaging and unfinished goods which are in the relevant Target Group Entity's possession and control comprise items of the type and quality regularly used by or produced in its business, are not obsolete and are useable in the ordinary and usual course of its business for the purpose for which they were acquired or produced.

11.2 The Stock and each Target Group Entity's stocks of finished goods which are in the relevant Target Group Entity's possession and control are saleable in the ordinary and usual course of its business in accordance with each relevant Target Group Entity's past practice.

11.3 The Stock and each Target Group Entity's stocks of raw materials, consumables, packaging and unfinished goods which are in the relevant Target Group Entity's possession and control are not excessive and are adequate for the current requirements of its business, having regard to current trading and reasonably anticipated demand.

12. Debtors

No Target Group Entity is owed any sums other than trade receivables incurred in the ordinary course of business.

13. Real property

13.1 The Properties comprise all the land and buildings owned or occupied by any Target Group Entity.

13.2 The Properties comprise all the land and buildings required by the Target Group Entities to carry out the Business.

13.3 There are no liabilities in the Target Group Entities relating to properties not currently owned or occupied by Target Group Entities and there are no agreements to acquire any further property.

13.4 The brief particulars of the Properties set out in parts 4 and 5 of schedule 1 are true and accurate.

13.5 In relation to each lease under which any part of the Properties are held:

(a) the rents and other monies due and payable under it have been paid when due; and

(b) the Target Group Entity named in part 5 of schedule 1 as its holder has not received within the past two years written notice from the landlord that it is in material breach of its obligations under such lease (which breach remains outstanding at the date of this agreement) nor any notice to quit and each such lease nor any notice that such lease has expired for any other reason.

13.6 The Target Group Entity named in part 4 of schedule 1 as 'owner' and in part 5 of schedule 1 as 'lessee' is the legal and beneficial owner of the relevant Property.

13.7 The Freehold Properties are free from any Encumbrance. So far as the Seller is aware, no person has claimed to be entitled to any such Encumbrance.

13.8 The Target Group Entities are the sole occupants of the Properties.

13.9 No Target Group Entity has received any written notice concerning an upcoming rent review in relation to any leasehold property occupied by any Target Group Entity.

13.10 So far as the Seller is aware, there is no unfulfilled obligation to reinstate any leasehold property by removing or dismantling any alteration made to it by any Target Group Entity and it obtained all the relevant consents to make any such alterations.

14. Environmental matters

14.1 The Target Group Entities have all Environmental Consents required by Environmental Law to operate the business as currently conducted and are not in material breach of any conditions of any Environmental Consent.

14.2 No steps have been taken which remain outstanding in relation to the revocation, cancellation, suspension, withdrawal, amendment, variation, restriction or surrender of any Environmental Consent required by Environmental Law. Details of any outstanding or pending applications by any Target Group Entity for any Environmental Consent in relation are contained in the Disclosed Information.

14.3 No Target Group Entity has received within the past three years any written notice of any proceedings or claims from any person, regulatory body, court or competent organisation alleging any breach of Environmental Law.

14.4 No Property has been affected by flooding in the last five years.

15. Insurance

15.1 The policies of insurance maintained by or on behalf of each Target Group Entity are in full force and effect, all premiums due on them have been paid and all other conditions of the policies have been performed and observed. No Target Group Entity has done, or omitted to do, anything that may result in an increase in the premium payable for any of the policies, or affect the renewal of any of the policies.

15.2 The Disclosed Information contains summary details of all insurance policies maintained by or on behalf of any Target Group Entity. The premiums due in respect of such policies have been fully paid.

15.3 The Disclosed Information contains details of all insurance claims in excess of $10,000 per claim made by any Target Group Entity in the last 12 months or which are currently outstanding.

16. **IP**

16.1 Each Target Group Entity owns (free from all Encumbrances), or has licensed to it, the IP which is material IP to the business of such Target Group Entity (**"Business IP"**). The list of the Business IP owned by each Target Group Entity contained in the Disclosed Information is true, accurate and complete, and reflects all the Business IP owned by each Target Group Entity.

16.2 The Business IP comprises all the IP that is necessary to carry on the business of each Target Group Entity as currently carried on.

16.3 The Disclosed Information contains details of the Business IP which is registered, or the subject of an application to register it, in the name of any Target Group Entity (**"Registered IP"**).

16.4 In the last three years, no Target Group Entity has received any written notice challenging the validity or objecting to the registration of any Registered IP or challenging the Target Group's ownership of any Business IP.

16.5 The Target Group Entities have not licensed or agreed to license any IP rights to, or otherwise permitted the use of any IP rights it owns by, any third party.

16.6 So far as the Seller is aware, in the last three years, no third party has infringed any Business IP.

16.7 The Disclosed Information contains details of the licences (other than software licences) granted to any Target Group Entity relating to the Business IP (**"Material IP Licences"**).

16.8 No Target Group Entity has within the past three years received written notice from any counterparty to any Material IP Licence that it is in material breach of such licence (which breach remains outstanding at the date of this agreement) and the Seller is not aware of any circumstances which could give rise to any such claim.

16.9 Within the past three years, no Target Group Entity has received any written notice alleging any infringement of any third party's IP.

16.10 The Domain Names comprise all the domain names used by any Target Group Entity.

17. IT Systems

17.1 In this paragraph 17, **"IT Systems"** means the computer systems used by any Target Group Entity other than the internet and third party telecommunications networks.

17.2 The Disclosed Information contains details of the software licences (other than standard off-the-shelf licences) that are material to the IT Systems. So far as the Seller is aware, no Target Group Entity is in material breach of any such licence.

17.3 The Disclosed Information contains the Target Group Entities' disaster recovery plans for the IT Systems.

17.4 The IT Systems are in satisfactory working order in all material respects and function in accordance with their specifications. There has not been a breakdown, failure or third party breach of the IT Systems during the two years prior to the date hereof which had a materially disruptive effect on any Target Entity's ability to carry on its business in the ordinary course of trading.

17.5 The IT System is fully self-standing and under the Target Group's sole control (subject to contracts with the relevant providers, which have been Disclosed). The IT Systems are not dependent on any facilities, equipment, software or systems provided by the Seller or any other member of the Seller's Group.

18. Data protection

18.1 The Target Group Entities have at all times complied with the Data Protection Laws in all respects.

18.2 The Target Group Entities have introduced and applied data protection policies intended to promote awareness of, and compliance with, the Data Protection Laws.

18.3 The Target Group Entities have not, in the period of three years preceding the date of this agreement, suffered any breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to any Personal Data (not including breaches which were unlikely to result in any risk to the rights and freedoms of natural persons), and each of the Target Group Entities have passed all regulatory audits to which they have been subject.

18.4 The Target Group Entities have not in the period of three years preceding the date of this agreement received any:

(a) written notice or request from any Supervisory Authority, or been subject to any enforcement action (including any fines or other sanctions), in each case relating to a breach or alleged breach of their obligations under the Data Protection Laws; or

(b) written notice from a data subject or any other person claiming a right to compensation under the Data Protection Laws, or alleging any breach of the Data Protection Laws,

and, so far as the Seller is aware, there is no fact or circumstance that is likely to lead to any such notice, request, correspondence, communication, claim, complaint or enforcement action.

18.5 Tilda Limited was not responsible for any breach of Data Protection Law in respect of the matter referenced in document 6.4.9.2 of the Data Room.

19. Material contracts

19.1 The Disclosed Information contains either (i) a complete copy of each Material Contract or (ii) a written summary of the material terms of each Material Contract and/or a complete copy of the relevant general terms and conditions and/or price lists currently applicable (to the extent that the terms of such Material Contract are included within a written agreement).

19.2 No Target Group Entity has received within the past two years written notice from any counterparty to any Material Contract that it is in material breach of such contract.

19.3 No Target Group Entity and, so far as the Seller is aware, no counterparty to a Material Contract is in breach of such Material Contract. So far as the Seller aware, there are no circumstances which are likely to give rise to such a breach or default of a Material Contract by any party.

19.4 No Target Group Entity has received written notice from any counterparty to a Material Contract that it intends to terminate it and so far as the Seller is aware there are no circumstances which could reasonably be expected to give rise to a notice of termination.

19.5 No Target Group Entity is party to any agreement, arrangement or understanding that would restrict it from doing business in any part of the world or which requires it to do business exclusively with any other party.

19.6 No Target Group Entity is party to any Material Contract that is capable of unilateral price variation by any counterparty in relation to which such Target Group Entity would be obliged to supply products at such varied price.

19.7 In the 12 months ending with the date of this Agreement, no Target Group Entity has suffered: (i) the loss of any Key Customer; (ii) a material reduction in trade with any Key Customer; or (iii) a substantial change to the terms of trading with any Key Customer, and, so far as the Seller is aware, there are no circumstances which are likely to result in any of such things.

19.8 In the 24 months ending with the date of this agreement, no Target Group Entity has experienced a material shortage of supply of rice which caused it in any material respect to be unable to meet its customer demands.

19.9 So far as the Seller is aware the discount and market promotions spend which has been committed to for 2019 by each Target Group Entity (as at the date of this agreement) is not materially inconsistent with past practice.

19.10 There are no Material Contracts under which a Target Group Entity is contractually obliged to purchase minimum quantities of raw materials, packaging or products from suppliers.

19.11 There are no termination costs or compensation payable (other than as may be mandatory under applicable law) to any agent or distributor of any Target Group Entity in the event that the relevant agency or distributor arrangements are terminated or expire under the terms of a written agreement or in accordance with applicable law.

19.12 There are no termination costs or compensation payable (other than as may be mandatory under applicable law) to any co-packer of any Target Group Entity in the event that the relevant co-packer arrangements are terminated or expire under the terms of a written agreement or in accordance with applicable law.

20. Product Safety

20.1 In the 12 months prior to the date of this agreement there has been no product safety related withdrawal or recall in respect of products manufactured or supplied by the Target Group Entities, nor so far as the Seller is aware do any circumstances exist which are reasonably likely to give rise to the occurrence of such a recall or withdrawal.

20.2 In the 12 months prior to the date of this agreement no Target Group Entity has received written notice from an Authority concerning any potential or actual breach of any applicable laws and regulatory codes of practice in force at the date of this agreement which relate to food safety, content and/or hygiene (including those concerning food production, processing, storage, handling, sale and service).

20.3 Each Target Group Entity has, where required in accordance with local laws, registered its food manufacturing premises as a food business with each relevant Authority.

20.4 The Disclosed Information contains details of each end consumer claim made in the last 12 months or still unresolved as at the date of the agreement which resulted or could result in a payment to the customer in excess of $25,000.

21. Anti-Trust

21.1 In this paragraph, **"Anti-trust Law"** means the national and directly effective legislation of any jurisdiction which governs the conduct of companies or individuals in relation to restrictive or other anti-competitive agreements or practices (including, but not limited to, cartels, pricing, resale pricing, market sharing, bid rigging, terms of trading, purchase or supply and joint ventures), dominant or monopoly market positions (whether held individually or collectively) and the control of acquisitions or mergers.

21.2 In the last two years, no Target Group Entity has given any formal written assurance or undertaking to any Authority in relation to Anti-trust Laws which affects its ability to carry on its business as currently conducted.

21.3 So far as the Seller is aware, no Target Group Entity is the subject of, nor has been given written notice of, any current formal investigation by any relevant Authority in relation to Anti-Trust Laws.

21.4 No Target Group Entity is in receipt of any payment, guarantee, financial assistance or other aid from the government or any state body which was not, but should have been, notified to the European Commission under Article 108 of the Treaty on the Functioning of the European Union for decision declaring such aid to be compatible with the internal market.

22. Employees and terms of employment

22.1 The Disclosed Information contains anonymised details of the employees of the Target Group Entities which are up to date as at 5 July 2019 (in respect of employees of Tilda Hain Private India Limited and Tilda International DMCC) and 6 July 2019 (in respect of employees of Tilda Limited) including:

(a) the job title, relevant employing entity, start date and, if different, date of commencement of continuous service of each employee;

(b) material details of the terms of employment of each Senior Employee;

(c) a representative sample of standard terms and conditions of employment used for each grade of employee and details of the staff handbooks and employment policies which apply to each Target Group Entity's employees;

(d) details of all employees who are on secondment, maternity, paternity, adoption, shared parental leave or other leave or who are absent due to ill-health or for any other reason; and

(e) details of the share incentive schemes, share option schemes or profit sharing, bonus or other incentive schemes applicable to any of the Target Group Entities' employees.

22.2 No Target Group Entity owes anything to any Employee other than remuneration for the current pay period, accrued holiday pay for the current holiday year, accrued bonuses for the current bonus period and expenses claims (as applicable).

22.3 So far as the Seller is aware, no Target Group Entity is under any obligation to make any material change in the basis of remuneration or other benefits paid or provided to any of its employees.

22.4 So far as the Seller is aware, no Target Group Entity is under any contractual obligation to pay any bonus to any of its employees.

22.5 No Target Group Entity has been a party to a relevant transfer (as defined in the Transfer of Undertakings (Protection of Employment Regulations) 2006) and, within this period, none of the employees or former employees of any Target Group Entity have transferred to a Target Group Entity under any such regulations (or comparable regulations or laws in any other relevant jurisdiction); or (ii) undertaken a redundancy exercise involving the dismissal of 20 or more employees at any one establishment.

22.6 Every Senior Employee who requires permission to work in the UK has current and appropriate permission to work in the UK.

22.7 In the last two years each Target Group Entity incorporated in the UK has complied with its obligations in respect of all current and former employees and workers of the Target Group regarding holiday pay for periods of holiday taken under regulation 13 of the UK Working Time Regulations 1998 and such payments have been calculated and paid in accordance with the applicable legislation.

23. Senior Employees

23.1 No Target Group Entity has given notice of termination or retirement to, or received notice of resignation from, any Senior Employee.

23.2 No Target Group Entity has made any offer of employment to any person who, if employed, would be a Senior Employee which has either been accepted or remains open for acceptance.

23.3 No Senior Employee will become entitled to any payment or other benefit, or be entitled to give notice to terminate his employment, as a result of Completion.

24. Collective agreements, etc

The Disclosed Information contains details of all agreements or arrangements entered into by any Target Group Entity with, or recognising, any trade union, works council, staff association or other body representing any of its employees.

25. Employment disputes

25.1 No Target Group Entity is involved in any industrial dispute that is of material importance to that Target Group Entity.

25.2 No Target Group Entity has any dispute, claim, legal action, proceeding, suit, litigation, prosecution, arbitration or any other form of alternative dispute resolution or liability outstanding with or in relation to any of its current or former officers or employees, no such dispute is pending or threatened and, so far as the Seller is aware, there are no circumstances which are likely to give rise to such a dispute or liability.

26. Pension benefits

26.1 The Disclosed Information contains copies of the material governing documentation and communications with employees and former employees in relation to the Pension Scheme.

26.2 So far as the Seller is aware, the Pension Scheme is operated in material compliance with the provisions of its governing documentation and all relevant laws and regulations.

26.3 All contributions which have fallen due for payment in relation to the Pension Scheme have been paid.

26.4 The Pension Scheme is the only arrangement under which the Target Group Entities have or may have any obligation (whether or not legally binding) to provide or contribute towards Pension Benefits.

26.5 No Target Group Entity has ever participated in, or been associated or connected with an entity that participates or has participated in a pension scheme which provides benefits other than money purchase benefits (as defined in section 181 of the Pension Schemes Act 1993).

26.6 There are no ongoing or anticipated, regulatory investigations or proceedings, claims (other than routine claims for benefits), complaints, litigation or disputes in relation to the governance, administration or management of the Pension Scheme or provision of Pension Benefits by any Target Group, and there are no circumstances which may give rise to regulatory investigations or proceedings, or a claim, complaint, litigation or disputes.

27. Compliance with laws

27.1 So far as the Seller is aware, each Target Group Entity conducts its business in all material respects in accordance with applicable laws of any jurisdiction in which it is incorporated or carries on business.

27.2 Each Target Group Entity holds all material licences, consents, permits and authorities necessary to carry on the Business in the places and in the manner in which it is carried on at Completion (the **"Consents"**).

27.3 Each of the Consents is valid and subsisting, and no Target Group Entity is in breach of the terms or conditions of the Consents (or any of them). There is no reason why any of the Consents may be revoked or suspended (in whole or in part) or may not be renewed on the same terms.

28. Litigation

28.1 No Target Group Entity (or, so far as the Seller is aware, any of its respective directors or any other person for whose acts any Target Group Entity may be vicariously liable) is involved in (or has received notification that it is likely to be involved in) in any of the following matters (such matters being referred to in this paragraph 28 as **"Proceedings"**):

(a) civil, criminal, regulatory administrative, arbitration or other proceedings, claims, actions or hearings that are likely to have a material adverse effect either on the Target Group Entities taken as a whole or any particular Target Group Entity; or

(b) any dispute with, or any investigation, inquiry or enforcement proceedings by, any Authority.

28.2 There are:

(a) no Proceedings pending or threatened by or against any Target Group Entity or any of its respective directors (or, so far as the Seller is aware, any of its respective directors or any other person for whose acts any Target Group Entity may be vicariously liable); and

(b) no circumstances likely to give rise to any such Proceedings.

28.3 No Target Group Entity has given in connection with any Proceedings any undertaking which remains in force.

29. Defective products

29.1 In the last two years, no Target Group Entity has manufactured or sold any products that were at the time they were manufactured, sold or supplied or are, faulty or defective, or that did not or do not comply with any:

(a) warranties or representations expressly or impliedly made by or on behalf of the relevant Target Group Entity in connection with such products; or

(b) laws, regulations, standards and requirements applicable to such products.

30. Judgments, etc.

There is no outstanding or pending judgment, order, ruling or decision by any, court, tribunal, arbitrator or Authority which is likely to have a material adverse effect either on the Target Group Entities taken as a whole or any particular Target Group Entity.

SCHEDULE 3: TAX

Part 1: Tax Covenant

1. Definitions and interpretation

1.1 In this schedule:

"Accelerated Payment Notice" or **"APN"** means a notice served under section 219 Finance Act 2014;

"Accounts Relief" means:

(a) a Relief which has been treated as an asset in the Completion Statements; or

(b) a Relief which has been taken into account in computing and so reducing or eliminating a provision for deferred tax which appears in the Completion Statements or has resulted in no provision for deferred tax being made in the Completion Statements;

"Actual Tax Liability" means a liability (including a liability which is a primary liability of some other person and whether or not there is a right of recovery against another person) of a Target Group Entity to make a payment or increased payment of or on account of Tax whether or not such liability has been discharged prior to Completion;

"Assessment" means any claim, notice, demand, assessment, letter or other document issued or any action taken by or on behalf of any person (including a Tax Authority) from which it appears that a Target Group Entity (or, in the case of an Assessment referred to in paragraph 12.1(b), any Relevant Company) has or may have a Tax Liability;

"Corresponding Relief" has the meaning given in paragraph 9.1(c);

"CTA 2009" means the Corporation Tax Act 2009;

"CTA 2010" means the Corporation Tax Act 2010;

"Effective Tax Liability" means:

(a) the unavailability of any Accounts Relief; or

(b) the set-off or other use against any Tax or against income, profits or gains of any Accounts Relief or any Post-Completion Relief in circumstances where, but for such set-off or other use, an Actual Tax Liability would have arisen in respect of which the Seller would have been liable to the Purchaser under this schedule;

"Event" means any act, failure, omission, event or transaction, whether or not any Target Group Entity was a party thereto, and includes, without limitation, the expiry of any period of time, the entry into of this agreement, the sale of the Shares pursuant to this agreement, any arrangement or change in circumstances and Completion;

"Follower Notice" means a follower notice as referred to in Chapter 2, Part 4 Finance Act 2014;

"Group Relief" means any Relief available between members of a Tax Group;

"ITEPA 2003" means the Income Tax (Earnings and Pensions) Act 2003;

"Post-Completion Relief" means a Relief which arises, but only to the extent that it arises:

(a) to a Target Group Entity by reference to an Event occurring after Completion or by reference to or in consequence of any period commencing after Completion (treating the date of Completion as the end of a period for these purposes); or

(b) at any time to any member of the Purchaser Group (other than a Target Group Entity);

"Relevant Amount" means, in relation to an over-provision, under-stated right to repayment of Tax (including any interest or repayment supplement) or a Corresponding Relief, an amount equal to such over-provision, under-stated right to repayment of Tax or the amount of the Corresponding Relief;

"Relevant Company" means each Target Group Entity and any other company which is, or has been, treated for the purposes of any Tax as being a member of the same group of companies as the Purchaser or as being associated with the Purchaser;

"Relevant Periods" means all accounting periods of each Target Group Entity ended before or on Completion;

"Relief" means any loss, relief, allowance, credit, deduction, exemption or set-off in respect of Tax (or in respect of the computation of income, profits or gains for Tax purposes) or any credit against or right to repayment of Tax, and in the case of a right to repayment of Tax includes any interest or repayment supplement;

"Straddle Period" means the accounting period of each Target Group Entity current at Completion;

"Tax" means any form of tax and any duty, levy, withholding, contribution, impost, charges or tariff in the nature of tax, whether of the United Kingdom or elsewhere, including:

(a) aggregates levy, air passenger tax, capital gains tax, climate change levy, corporation tax, customs and excise duties, income tax (including PAYE), inheritance tax, insurance premium tax, landfill tax, national insurance contributions, social security contributions, stamp duty, stamp duty land tax, stamp duty reserve tax and VAT;

(b) any amount of tax which is the subject of or results in a charge, security or right to sell imposed by, or provided by statute to, a Tax Authority over the Shares or any of the assets of the Target Group Entities;

(c) all interest, penalties, surcharges and fines relating to any of the above or to a failure to make any return, comply with any reporting requirements or supply any information in connection with any of the above or to any failure to register, deregister or give any notification in respect of any of the above or to any failure to comply with any APN or Follower Notice;

"Tax Authority" means any Authority competent to impose, assess, collect or administer or having any other functions in relation to any Tax;

"Tax Group" means those companies treated for the purposes of determining the amount of or liability for or relief from any Tax as being members of the same group of companies or fiscal unity;

"Tax Liability" means any Actual Tax Liability or Effective Tax Liability which gives or may give rise to a Tax Claim, or any other liability which gives or may give rise to a claim under paragraph 2.4, 2.6, 2.7, 2.8 or 2.9

"unavailability" in relation to a Relief includes loss, disallowance, clawback, reduction, restriction, cancellation, counteraction or non-availability *ab initio*;

"VAT" means any value added tax, turnover tax, sales, use or goods and services tax (or any equivalent or similar tax in any jurisdiction), including for the avoidance of doubt any such tax chargeable in the UAE, and in the United Kingdom means Value Added Tax (or any tax replacing it) and in India includes both national / central and state goods and services tax; and

"VATA" means the Value Added Tax 1994.

1.2 The value of an Effective Tax Liability is:

(a) where the Effective Tax Liability involves the unavailability of any Accounts Relief:

(i) if the Accounts Relief which is unavailable is a right to repayment of Tax, the amount of the repayment which is unavailable; and

(ii) if the Accounts Relief which is unavailable is not a right to repayment of Tax, the amount of additional Tax which any Target Group Entity is liable to pay which it would not have been liable to pay if the Accounts Relief had been available (assuming that the relevant Target Group Entity then had sufficient profits and was otherwise in a position actually to use in full the Accounts Relief); or

(b) where the Effective Tax Liability involves the set-off or other use of an Accounts Relief or Post-Completion Relief, the amount of additional Tax which a Target Group Entity would have been liable to pay if the set-off or use had not occurred.

1.3 In this schedule, references to income, profits or gains earned, accrued or received or an Event which has occurred include income, profits or gains deemed (for the purposes of the relevant Tax) as having been earned, accrued or received or an Event deemed (for the purposes of the relevant Tax) to have occurred, as the case may be.

1.4 In this schedule, references to a Tax Liability arising by reference to any Event include:

(a) a Tax Liability where the Event is deemed (for the purposes of the relevant Tax) to have occurred;

(b) in the case of a reference to any Event occurring on or before Completion, the combined effect of two or more Events all of which occurred (or are treated for the purposes of the relevant Tax as having occurred) on or before Completion; and

(c) a Tax Liability in connection with a Follower Notice or an Accelerated Payment Notice where the Arrangements (within the meaning of section 201 Finance Act 2014) in respect of which the Follower Notice or Accelerated Payment Notice is given were constituted by an Event or Events which took place on or before Completion.

1.5 In this schedule, references to any matter or thing occurring in the ordinary course of business exclude, without limitation, the following:

(a) any grant, disposal or supply of any asset, service or right to the extent that the consideration treated as received by any Target Group Entity for the purposes of the relevant Tax exceeds the consideration actually received by it;

(b) the making or declaring of any distribution and the grant or release of any right to any distribution and, for the purposes of this paragraph, distribution shall include any matter or thing that is treated as a distribution for the purposes of the relevant Tax; and

(c) any Event which gives rise to any penalty, fine, surcharge, charge or interest relating to Tax.

1.6 In this schedule:

(a) references to a company being "connected" with another shall be construed in accordance with the provisions of section 1122 of the CTA 2010;

(b) any repayment which any Target Group Entity is required to make to a Tax Authority in respect of a payment of a payable tax credit (including, for the avoidance of doubt, any payment of research and development credit or similar) which has previously been made to any Target Group Entity shall be deemed to be Tax in respect of which the relevant Target Group Entity is liable to make an actual payment; and

(c) the expression **to the extent that** and similar expressions or phrases shall be construed as meaning "if, and if so only insofar as and to the extent that", and provisions for or references to reducing, limiting or excluding the Seller's liability to the extent that a condition is met shall be taken to mean that the Seller's liability is reduced, limited or excluded only insofar as and to the degree that the relevant condition is met. By way of illustration, if:

(i) the Seller is prima facie liable for £100 under the Tax Covenant in respect of a matter "X", subject to a limitation that provides the Seller has no liability to the extent that "X" is provided for in the Completion Statements; and

(ii) there is a provision for "X" in the Completion Statements, but only of £75,

then the intention is that the Seller should be liable in respect of "X", but only for £25 (subject to any other limitations and exclusions that may apply in a particular case).

1.7 It shall be assumed for the purposes of this schedule (and in particular for calculating any Actual Tax Liability or any Relief) that the date of Completion is the end of an accounting period for the purposes of section 10 CTA 2009 and all such adjustments and apportionments as may be required consequent upon such assumption shall be made in assessing liability or making any calculation required under this schedule.

2. Tax Covenant

The Seller covenants to pay to the Purchaser an amount equal to:

2.1 any Actual Tax Liability arising by reference to any Event which occurred or any income, profits or gains which were earned, accrued or received on or before Completion;

2.2 the value of any Effective Tax Liability;

2.3 any Actual Tax Liability arising by reference to the non-payment of Tax by the Seller or any other person (other than a Target Group Entity) which is, or has been, treated for the purposes of any Tax as being a member of the same group of companies as or connected with any Target Group Entity (prior to Completion) or the Seller;

2.4 any liability of the Purchaser or a Target Group Entity to pay or account for income tax under the PAYE system or national insurance contributions or any equivalent or similar Tax or contributions chargeable pursuant legislation in any other jurisdiction (together with any related interest and/or penalties) which arises at any time in respect of all current (at Completion) and former (prior to Completion) employees and officeholders of any Target Group Entity and arises as a result of:

(a) the acquisition, exercise, vesting, disposal, release or variation of or any other event relating to any option or other right to acquire shares or an interest in shares or to any restricted stock unit or performance stock unit, in each case that was granted to or acquired by that person prior to Completion;

(b) the acquisition, disposal, release or variation of any shares or stock, rights attaching to shares or stock or any interest in shares or stock acquired by that person before Completion;

(c) the acquisition, disposal, release or variation of any shares or stock, rights attaching to shares or stock or any interest in shares or stock acquired as a result of the exercise of any option or right (or the vesting of any interest or right) granted to or acquired by that person before Completion; or

(d) the failure after Completion by any employee to make good to any Target Group Entity after Completion any income tax for which the relevant Target Group Entity is required to account and which the Seller is liable for under paragraphs 2.4(a) to 2.4(c) (inclusive);

2.5 any Actual Tax Liability that arises at any time under Part 7A of ITEPA 2003 (including any such liability arising as a consequence of any payments or loans made to, any assets made available or transferred to, or any assets earmarked, however informally, for the benefit of, any employee or former employee of any Target Group Entity, or for the benefit of any relevant person, by an employee benefit trust or another third party) where the arrangement giving rise to the charge was entered into either:

(a) before Completion at a time when the third party was acting on the instructions of, or for the benefit of, any Target Group Entity or an associate of any Target Group Entity;

(b) after Completion at a time when the third party was acting on the instructions of the Seller or any member of the Seller Group;

2.6 any liability of a Target Group Entity to make a payment, or to make a repayment of the whole or any part of any payment, to any person (other than a member of the Purchaser Group) in respect of Group Relief under any arrangement or agreement entered into on or before Completion;

2.7 the loss or failure to obtain, in whole or in part, of the right of a Target Group Entity to receive any payment (other than from a member of the Purchaser Group) for Group Relief under any

arrangement or agreement entered into on or before Completion where the payment was taken into account in the Completion Statements;

2.8 any liability of any Target Group Entity to make a payment or repayment of a sum equivalent to, or calculated by reference to, another person's Tax liability where the liability arises under any indemnity, covenant, warranty, guarantee or election entered into or created by a Target Group Entity on or before Completion;

2.9 any liability of the Purchaser or any member of the Purchaser Group to account for any withholding tax or any amount on account of or in respect of Tax on any gain of a member of the Seller Group, in each case pursuant to the provisions of the Indian Income Tax Act 1961, and which arises as a result of or in connection with the transfer of shares of Tilda Hain India Private Limited pursuant to this agreement or the payment of any consideration for that transfer;

2.10 fifty per cent. of any Actual Tax Liability or Effective Tax Liability incurred by Tilda Hain India Private Limited in respect of income or capital gains that arises at any time (but after taking account of any Relief that is available or made available to mitigate or (as the case may be) eliminate any such liability) as a result of or in connection with the transfer of any business and/or assets by Tilda Hain India Private Limited pursuant to the India BTA; and

2.11 the reasonable out-of-pocket costs and expenses incurred by the Purchaser in connection with any successful claim under paragraphs 2.1 to 2.10 or in connection with the liability that is the subject of such successful claim.

2.12 If a Target Group Entity receives an APN then for the purposes of this paragraph 2 any monies required to be paid by the Target Group Entity pursuant to the APN shall be treated as an "Actual Tax Liability" and the due date for payment shall be treated as being the last day of the relevant payment period (as defined in section 223, Finance Act 2014).

3. Application to Tax Claims

Unless otherwise expressly provided, the provisions of paragraph 1 and paragraphs 4 to 9 shall apply for the purposes of any Tax Claim (regardless of whether it is a claim for or in respect of a breach of a Tax Warranty or under the Tax Covenant).

4. Tax Claim limitations

4.1 Subject to clause 7.2, the Seller shall not be liable for any Tax Claim unless the Purchaser has given notice to the Seller of the Tax Claim (including such details as are then reasonably known of the Tax Claim) on or before the seventh anniversary of Completion.

4.2 The Seller shall not be liable for any Tax Claim to the extent that:

(a) provision, reserve or allowance (excluding a provision for deferred Tax) has been made in the Completion Statements in respect of the Tax Liability giving rise to such Tax Claim or the payment or discharge of the Tax Liability giving rise to such Tax Claim has been taken into account in the Completion Statements;

(b) the Tax Liability giving rise to such Tax Claim results from or is otherwise attributable to, or the amount of such Tax Claim is increased as a result of, any change in law, the rates of Tax, generally accepted accounting principles or the published practice of a Tax Authority in each case announced and occurring after Completion other than a change which has the effect of countering, retrospectively, any scheme or arrangement

the sole or main purpose (or one of the main purposes) of which was the avoidance of Tax;

(c) the Tax Liability giving rise to such Tax Claim results from or is otherwise attributable to, or the amount of such Tax Claim is increased as a result of, any voluntary act, transaction or omission of the Purchaser or any Target Group Entity after Completion, other than:

(i) in the case of a Target Group Entity, in the ordinary course of its business as conducted at Completion;

(ii) pursuant to a legally binding obligation of a Target Group Entity created or entered into on or before Completion;

(iii) an act which the relevant person was required to do by any legislation in force on or before Completion (whether relating to Tax or otherwise);

(iv) any disclosure required by law to be made to a Tax Authority or other government, state, municipal, local or federal regulatory authority;

(v) any act required by the Seller under paragraph 5 or otherwise undertaken at the written request or direction of the Seller or any member of the Seller Group; or

(vi) the payment of any stamp duty on any document, or the bringing into the United Kingdom of any document, entered into on or prior to Completion which is required in order for it to be produced as evidence in court or to prove or obtain registration of the title of the relevant Target Group Entity to any asset owned at Completion,

and which the Purchaser is aware, or ought to have been aware, would give rise to such Tax Liability;

(d) the Tax Liability giving rise to such Tax Claim arises by reason of a voluntary disclaimer, revocation or revision by any Target Group Entity (otherwise than at the written request or direction of any member of the Seller Group) after Completion of any Relief validly claimed by any Target Group Entity before or on Completion;the Tax Liability giving rise to such Tax Claim would not have arisen but for a failure by the Purchaser or any

(e) Target Group Entity (otherwise than at the written request or direction of any member of the Seller Group) after Completion to make any election, give any notice or claim any Relief, the making, giving or claiming of which was validly taken into account in determining the amount of any provision or reserve for Tax in the Completion Statements;

(f) the Tax Liability giving rise to such Tax Claim arises by virtue of any change after Completion (whether or not the change is retrospective in whole or in part) in the bases, methods or policies of accounting of any Target Group Entity other than, in the case of any Target Group Entity, where such change is necessary to comply with the law or generally accepted accounting principles in force on or before Completion;

(g) the Tax Liability giving rise to such Tax Claim is a liability in respect of income, profits or gains earned, accrued or received by any Target Group Entity before Completion (and which remain available to a Target Group Entity immediately following Completion) but which were not (but ought properly to have been) reflected in the

Completion Statements, provided that this paragraph (g) shall not apply to limit or exclude the liability of the Seller in respect of any claim under paragraph 2.10 above;

(h) the Tax Liability giving rise to such Tax Claim has been or is made good or is otherwise compensated for or discharged without cost to the Purchaser, any Target Group Entity or any member of the Purchaser Group;

(i) the Tax Liability giving rise to such Tax Claim is interest and penalties which would not have arisen but for any failure or delay of more than 10 Business Days by the Purchaser or any Target Group Entity in paying over to the relevant Tax Authority a payment previously made by the Seller in respect of the Tax Liability in question under this agreement;

(j) such Tax Claim arises from or is attributable to, or the amount of the Tax Claim is increased as a result of, the failure by the Purchaser to comply with the provisions of paragraph 5 or 11 of this part of this schedule;

(k) any Relief (other than an Accounts Relief or Post-Completion Relief) is available or is made available (for no consideration) to a Target Group Entity to set against or otherwise mitigate the Tax Liability giving rise to such Tax Claim and the Purchaser is aware or made aware of the availability of such Relief in time to allow it to be so used; or

(l) the Tax Liability giving rise to such Tax Claim would not have arisen but for a cessation of, or any change in the nature or conduct of, any trade carried on by any Target Group Entity, being a cessation or change occurring on or after Completion.

4.3 Any payment made by or on behalf of the Seller in respect of any Tax Claim shall satisfy and discharge any other Tax Claim which is capable of being made against the Seller in respect of the Tax Liability, but only to the extent of the payment made.

4.4 The Seller shall have no liability under any Tax Claim in respect of any Tax Liability which is or could be the subject of an Indemnity Claim.

5. Conduct in relation to Assessments

5.1 If the Purchaser or any Target Group Entity becomes aware of any Assessment which gives or may give rise to a Tax Claim, the Purchaser shall, or shall procure that such Target Group Entity shall as soon as reasonably practicable (and, in any event, within 15 Business Days) notify the Seller of the Assessment, but such notification shall not be a condition precedent to the liability of the Seller in respect of any Tax Claim.

5.2 The Purchaser shall, and shall procure that each Target Group Entity shall, take such action and give such information and assistance in connection with the relevant Assessment as the Seller may reasonably and promptly by written notice request to avoid, resist, appeal or compromise the Assessment, subject to the Seller having first indemnified the relevant Target Group Entity and the Purchaser (to the Purchaser's reasonable satisfaction) against all reasonable costs and expenses which may be incurred in taking action and giving information and assistance pursuant to this paragraph 5.2.

5.3 Subject to paragraph 5.9, if the Seller has given written instructions in accordance with paragraph 5.2 the Purchaser shall keep the Seller informed of the progress in settling the Assessment, and shall procure that copies of all material correspondence pertaining to it are sent to the Seller as soon as reasonably practicable.

5.4 Subject to paragraph 5.9, if the Seller has given written instructions in accordance with paragraph 5.2 the Purchaser will not (and will procure that the relevant Target Group Entity will not) without the prior consent of the Seller, such consent not to be unreasonably withheld or delayed, in relation to any Assessment:

(a) transmit any material communication (whether written or otherwise) to any Tax Authority;

(b) settle or compromise the relevant Assessment; or

(c) agree any matter which is likely to materially increase the amount of the relevant Assessment.

5.5 Neither the Purchaser nor the relevant Target Group Entity shall be obliged to take any step requested by the Seller under paragraph 5.2 which it reasonably considers would be materially prejudicial to the Tax affairs of the Purchaser or any member of the Purchaser Group (in which case the Purchaser shall seek alternative instructions from the Seller under paragraph 5.2).

5.6 Neither the Purchaser nor the relevant Target Group Entity shall be obliged to comply with any request of the Seller under paragraph 5.2 that involves contesting the Assessment before any tribunal, court or appellate body unless Tax counsel of at least ten years' call (**"Counsel"**) instructed by the Seller (and with the Purchaser approving both the choice of Counsel and the Instructions to Counsel (such approval not to be unreasonably withheld or delayed) and being invited to any consultation with Counsel) and at the sole expense of the Seller has advised that on a balance of probabilities the course of action will succeed (and if not the Purchaser shall seek alternative instructions from the Seller under paragraph 5.2).

5.7 The Seller shall not be entitled under paragraph 5.2 to conduct negotiations and/or proceedings or attend any meetings (where the Purchaser is not also present) with a Tax Authority in respect of the Assessment in the name of the relevant Target Group Entity.

5.8 The provisions of this paragraph 5 shall not apply or, if the provisions of this paragraph 5 already apply, the Seller's rights under this paragraph 5 shall cease to apply if:

(a) the Seller has become insolvent and steps are taken for the appointment of an administrator, trustee in bankruptcy or similar officer of the Seller; or

(b) any Tax Authority alleges in writing fraudulent conduct or conduct involving dishonesty on the part of any Target Group Entity or member of the Seller Group prior to Completion in relation to the matter giving rise to the Assessment and that allegation is not revoked, the Purchaser affording the Seller a reasonable opportunity to make representations to the Tax Authority with such an aim.

5.9 The Purchaser shall be free to satisfy or settle the relevant Assessment on such terms as it may in its absolute discretion (but acting in good faith) think fit if:

(a) the Seller does not request the Purchaser to take any action in relation to the Assessment under paragraph 5.2 within 15 Business Days of the Seller's receipt of notice of the Assessment under paragraph 5.1;

(b) the Seller does not request that any further action be taken in respect of the Assessment by the Purchaser or any Target Group Entity under paragraph 5.2 within 15 Business Days of the Purchaser seeking instructions in writing from the Seller under paragraph 5.2 (the Purchaser agreeing that such instructions will not be sought unless

there is genuine uncertainty as to what (or if any) action is required by the Seller in respect of the relevant Assessment);

(c) the Assessment in respect of which the Purchaser gives notice to the Seller is a Follower Notice or an Accelerated Payment Notice, or any other matter in respect of which the Tax that is the subject matter of the Assessment (the **"Disputed Tax"**) must be paid in advance in order to resist or otherwise deal with the Assessment, and the Seller does not pay to the Purchaser an amount equal to the amount of Tax due in connection with the Follower Notice or Accelerated Payment Notice or the Disputed Tax (as the case may be) within the period of time required to allow the Assessment to be contested; or

(d) the provisions of paragraph 5.8 apply.

5.10 Notwithstanding any rights of the Seller under this paragraph 5, the Seller may not, nor may their duly authorised agents, without the prior written consent of the Purchaser (not to be unreasonably withheld or delayed), require under this paragraph 5 any Target Group Entity to make or give any claim, election, surrender, disclaimer, notice or consent that will or is likely to materially increase the liability to Tax of any Target Group Entity for any period ended after Completion unless the making or giving of such claim, election, surrender, disclaimer, notice or consent was taken into account in the preparation of the provision for Tax in the Completion Statements.

6. Payment and due date

6.1 Where the Seller becomes liable to make a payment in respect of a Tax Claim or otherwise under this schedule, the due date for making that payment in cleared funds shall be the fifth Business Day after the Purchaser makes a demand for payment or, if later, whichever (if any) of the following dates is applicable:

(a) in the case of an Actual Tax Liability, the fifth Business Day before the last date on which a Target Group Entity would have to pay the Actual Tax Liability in order to avoid any related interest or penalty;

(b) in a case falling within paragraph (a) of the definition of "Effective Tax Liability" where the Accounts Relief which is unavailable was a right to repayment of Tax, the date on which a Target Group Entity otherwise would have received such repayment had it been available; or

(c) in a case falling within paragraph (b) of the definition of "Effective Tax Liability", the date on which a Target Group Entity would have become liable to make a payment of Tax but for the set-off of the Accounts Relief or Post-Completion Relief.

6.2 All payments made by the Seller in respect of a Tax Claim shall be paid without any deduction or withholding unless a deduction or withholding is required by law.

6.3 Any amount due from the Seller under the Tax Covenant shall be calculated on an After-Tax Basis.

6.4 If any amount payable by the Seller to the Purchaser under the Tax Covenant is not paid on or before the due date for payment, that sum shall carry interest at the rate of 3 per cent above the base lending rate of Barclays Bank plc from the due date until payment.

7. Mitigation

7.1 If the Seller becomes liable to make any payment to the Purchaser in respect of a Tax Claim, the Purchaser shall, at the written direction of the Seller, procure that each Target Group Entity allows the Seller to surrender, or procure the surrender by any member of the Seller Group of, Group Relief to any Target Group Entity to the extent permitted by law but without any consideration being given for such surrender.

7.2 The Seller's liability in respect of a Tax Claim shall be reduced to the extent that the Tax Liability giving rise to the Tax Claim is reduced by the surrender of Group Relief pursuant to paragraph 7.1.

7.3 Paragraph 7.2 shall be deemed never to have applied to the extent that Group Relief is surrendered to a Target Group Entity pursuant to paragraph 7.1 and that surrender is later denied by a Tax Authority. In such circumstances, the original notice given under paragraph 5.1 in respect of the original Tax Liability in question shall be deemed also to be a notice in respect of the Tax Liability coming back into charge on the denial of the Group Relief surrender in question.

8. Third party claims

8.1 If any Target Group Entity is (no later than seven years after Completion) entitled to recover from any other person (excluding any member of the Purchaser Group or (unless they have contractually agreed to indemnify the Target Group Entity in respect of the relevant liability) any current office holder/employee of any Target Group Entity) any sum in respect of a Tax Liability giving rise or which may give rise to a Tax Claim the Purchaser shall procure that the relevant Target Group Entity:

(a) promptly notifies the Seller of its entitlement; and

(b) takes such steps to enforce that recovery as the Seller may reasonably request in writing and keeps the Seller informed of the progress of any action taken, provided that:

(i) the Seller agrees to pay to the Purchaser and the relevant Target Group Entity in cleared funds an amount equal to any reasonable out-of-pocket costs and expenses which are incurred by either the Purchaser and/or the relevant Target Group Entity in taking such action, which amount the Purchaser may request under paragraph 6.1 is paid once any such costs and expenses have actually been incurred. For the purpose of this paragraph 8.1(b), **"incurred"** means the earlier of the date on which payment has been made in respect of those costs and expenses or the date on which an invoice has been received in respect of those costs or expenses by either the Purchaser and/or the relevant Target Group Entity;

(ii) neither the Purchaser nor the relevant Target Group Entity shall be obliged to take any step reasonably requested by the Seller which it reasonably considers would be materially prejudicial to the business, commercial or Tax affairs of any member of the Purchaser Group or any of the Target Group Entities (in which event the Purchaser shall seek alternative instructions from the Seller).

8.2 If the Seller has made a payment in respect of a Tax Claim and any Target Group Entity subsequently recovers any sum referred to in paragraph 8.1, the Purchaser shall promptly repay to the Seller an amount equal to the lesser of:

(a) the sum recovered (including any interest or repayment supplement) less any Tax on the sum and after deduction of any costs or expenses incurred by the Purchaser or the relevant Target Group Entity in recovering such sum (save to the extent of such costs or expenses having already been paid by the Seller under paragraph 8.1(b)(i)); and

(b) the amount paid by the Seller in respect of the Tax Claim plus any costs and expenses which the Seller has met under paragraph 8.1(b).

9. Over-provisions and corresponding benefit

9.1 If:

(a) any provision for Tax in the Completion Statements (excluding any provision for deferred tax) proves to be an over-provision for reasons other than the availability of any Post-Completion Relief or a change in legislation or rates of Taxation or the published practice of a Tax Authority announced after Completion;

(b) the amount by which any right to repayment of Tax (including any interest or repayment supplement) which has been treated as an asset in the Completion Statements proves to have been understated for reasons other than the availability of any Post-Completion Relief or a change in legislation or rates of Taxation or the published practice of a Tax Authority announced after Completion; or

(c) a payment by the Seller in respect of a Tax Claim gives rise to a Relief (other than an Accounts Relief or Post-Completion Relief) for a Target Group Entity which would not otherwise have arisen, then, as and when (provided that this takes place within seven years after Completion) the liability of a Target Group Entity or the Purchaser to make an actual payment of or in respect of Tax for which the Seller would not have been liable under paragraph 2 is reduced by reason of that Relief (after first taking account of all other Reliefs available or made available to the relevant Target Group Entity or the Purchaser, including if relevant by way of surrender of Group Relief) the amount by which that liability is so reduced save to the extent that amount has already been taken into account under paragraph 8.2 shall be a **"Corresponding Relief"**,

then the Relevant Amount shall be dealt with in accordance with paragraph 9.2.

9.2 The Relevant Amount:

(a) shall first be set off against any payment then due from the Seller in respect of any Tax Claim;

(b) to the extent that there is an excess of the Relevant Amount after any application of it under paragraph 9.2(a), a refund shall (within five Business Days) be made to the Seller of any previous payment or payments made by the Seller in respect of any Tax Claim and not previously refunded under this paragraph (or otherwise) up to the amount of such excess; and

(c) to the extent that the excess referred to in paragraph 9.2(b) is not exhausted under that paragraph, the remainder of that excess shall be carried forward and set-off against any future payment or payments which become due from the Seller in respect of any Tax Claim until exhausted.

9.3 If on or before the seventh anniversary of Completion the Purchaser or any Target Group Entity becomes aware of any circumstances which give rise or may give rise to the application of

paragraph 9.1, the Purchaser shall or shall procure that the relevant Target Group Entity shall as soon as reasonably practicable give notice of the same to the Seller.

9.4 The Seller may (at its own cost) require the auditors for the time being of the relevant Target Group Entity before the seventh anniversary of Completion to certify the existence and quantum of any Relevant Amount and the date on which any Relief giving rise to a Corresponding Relief is utilised and, in the absence of manifest error, their decision shall be final and binding on the parties.

9.5 If on or before the seventh anniversary of Completion the auditors for the time being of the Target Group Entities certify that an amount previously certified under paragraph 9.4 or this paragraph 9.5 should be amended (to correct the previous certification), that amended amount shall be substituted for the purposes of paragraph 9.2 as the Relevant Amount in respect of the certification in question in place of the amount originally certified, and such adjusting payment (if any) as may be required by virtue of the above-mentioned substitution shall be made as soon as practicable by the Seller or to the Seller.

10. Effect of repayments

If any repayment is made to the Seller pursuant to paragraph 8.2 or 9.2, an amount equal to such repayment shall be deemed never to have been paid by the Seller to the Purchaser for the purposes of calculating the liability of the Seller under paragraphs 1 and 3 of schedule 4 (*Seller Limitations*).

11. Tax returns

11.1 Subject to and in accordance with the provisions of this paragraph 11, the Seller or its agent shall (at the expense of each relevant Target Group Entity provided such costs are consistent with the costs for previous periods and otherwise at the expense of the Seller):

(a) prepare the Tax returns of each Target Group Entity for the Relevant Periods, to the extent that the same have not already been prepared and submitted before Completion;

(b) prepare all documentation and deal with all other matters (including correspondence) relating to the Tax returns of each Target Group Entity for the Relevant Periods; and

(c) deliver to the Purchaser for comment any Tax return and/or related documentation for the Relevant Periods at least 20 Business Days before the due date of submission to the relevant Tax Authority of such return or documentation.

11.2 Except with the Purchaser's written consent (such consent not to be unreasonably withheld), the Seller shall not be entitled to require that the Target Group Entities make any claim, disclaimer, surrender or election, or withdraw any such item, nor shall the Seller include any such items in any return or document prepared under paragraph 11.1, unless the making, giving or withdrawal of it either is taken into account in preparing the Completion Statements or is taken into account in the Accounts.

11.3 The Purchaser shall:

(a) procure that each Target Group Entity causes the Tax returns and other documentation and matters mentioned in paragraphs 11.1(a) and 11.1(b), except to the extent that they are not true and accurate in all material respects, to be authorised, signed and submitted to the appropriate Tax Authority without amendment or with such amendments as the Purchaser reasonably considers to be necessary; and

(b) give, and procure that each Target Group Entity gives, the Seller or its agent all such assistance as may be reasonably required to prepare the Tax returns and documentation mentioned in paragraphs 11.1(a) and 11.1(b), and conduct matters relating to them in accordance with the Seller's rights under paragraph 11.1.

11.4 The Purchaser shall be under no obligation to procure the authorisation and/or signing of any Tax return or document delivered to it under paragraph 11.1 which is false or misleading, but for the avoidance of doubt shall be under no obligation to make any enquiry as to the completeness or accuracy thereof and shall be entitled to rely entirely on the Seller and their agents.

11.5 The Purchaser or its duly authorised agent shall prepare the Tax returns and related documentation of each Target Group Entity and deal with all other matters relating to those Tax returns for all accounting periods ending after Completion. In relation to the Straddle Period only, the Purchaser shall, or shall procure that each Target Group Entity shall:

(a) deliver to the Seller for comment any Tax return and/or related documentation for the Straddle Period in a reasonable period of time before the intended date of submission to the relevant Tax Authority of such return or documentation and make such amendments to them as the Seller may reasonably require provided such comments relate to the part of the Straddle Period falling on or before Completion and are consistent with the provisions and principles adopted in the Completion Statements; and

(b) give the Seller or its agent all such assistance as may be reasonably required to exercise their right to comment under paragraph 11.5(a).

11.6 The Seller shall provide to the Purchaser and the relevant Target Group Entity such reasonable access to relevant books, accounts and records in its possession or control as is necessary and reasonable to prepare, submit and agree any Tax returns or documents referred to in and in accordance with paragraph 11.5.

11.7 Paragraph 5 shall apply to any Tax Liability which gives rise or may give rise to a Tax Claim instead of this paragraph 11.

12. Purchaser's covenant

12.1 The Purchaser covenants with the Seller to pay to the Seller (on an After-Tax Basis) an amount equal to any of the following:

(a) any liability or increased liability to Tax of the Seller or any member of the Seller Group which arises as a result of any reduction or disallowance of Group Relief that would otherwise have been available to the Seller or any such member but only where and to the extent that such reduction or disallowance arises as a result of:

(i) any voluntary total or partial withdrawal of a claim for Group Relief (save where required by law or occurring at the written request or direction of the Seller or any member of the Seller Group) by any Target Group Entity after Completion where such claim was validly submitted by a Target Group Entity to the relevant Tax Authority before Completion in respect of any accounting period ended before Completion; or

(ii) any voluntary total or partial disclaimer (save where required by law or occurring at the written request or direction of the Seller or any member of the

Seller Group) by any Target Group Entity after Completion of any tax depreciation previously validly claimed by any Target Group Entity in respect of any accounting period ended before Completion;

(b) any liability or increased liability to Tax of the Seller or any member of the Seller Group arising as a result of any Target Group Entity failing after Completion to pay the whole of the Tax charged by any Assessment by the due date of that liability to Tax, save that this paragraph shall not apply in respect of any Tax for which the Seller is liable to make (but has not yet made) payment under a Tax Claim; and

(c) the reasonable costs and expenses of the Seller or any member of the Seller Group in connection with any liability referred to or in taking any successful action under this paragraph 12.

12.2 For the purposes of this paragraph 12, any reference to a liability to Tax of the Seller or a member of the Seller Group includes any liability to make a payment of Tax which would have arisen but for the utilisation of any Relief.

12.3 Paragraphs 5 and 6 shall apply to this paragraph 12 (with all necessary changes) as if:

(a) references to the Seller were references to the Purchaser and vice versa; and

(b) references to any Target Group Entity in the definition of Assessment were references to the Seller or any member of the Seller Group.

Part 2: Tax Warranties

1. Tax compliance

1.1 In the last five years, each Target Group Entity has:

(a) submitted all relevant Tax returns, notices, reports, computations, statements, assessments, registrations, certificates and information to the relevant Tax Authorities as required by applicable law and regulations by the requisite dates and all such returns and other documentation were and so far as the Seller is aware remain true, complete and accurate in all material respects;

(b) duly paid all Tax which it has become liable to pay, whether or not a primary liability of such Target Group Entity, within the applicable time limits;

(c) properly made all deductions and withholdings on account of Tax required to be made in respect of any payment made or benefit provided before Completion and has, to the extent required by law, properly accounted for and reported all such deductions and withholdings; and

(d) maintained and has in its possession or under its control all records and documentation that it is required to maintain for the purposes of any Tax and to calculate its obligations in respect of Tax and so far as the Seller is aware all such records remain true, complete and materially accurate. In particular, without limitation, each Target Group Entity has sufficient records to enable it to calculate any present or, so far as possible, future liability for Tax (to the extent such calculation relates to matters occurring on or before the date of this agreement) or its entitlement to any deduction, relief or repayment of Tax and any claims or elections it has made relating to Tax in the last five years.

1.2 Tilda Limited is liable to pay corporation tax in instalments for the accounting period current at the date of this agreement and the Disclosed Information contains particulars of any instalments of corporation tax paid by Tilda Limited or apportioned to Tilda Limited under any group payment arrangement for the accounting period beginning immediately after the Accounts Date and the basis for calculating such instalments (including the basis upon which the total corporation tax liability for the accounting period was estimated).

1.3 No Target Group Entity has any subsisting material agreement or arrangement with a Tax Authority whereby it is assessed to or accounts for Tax other than in accordance with the strict terms of relevant legislation or published practice of the relevant Tax Authority.

1.4 Each Target Group Entity has assessed the nature and extent of its exposure to, and has in place and applies a system of procedures that the Seller considers to be reasonable to identify and mitigate, the risk of those who act for or on its behalf, in the course of their activities relating to its business, engaging in activity to criminally facilitate tax evasion.

1.5 Each Target Group Entity and its officers and employees (past and present) in the course of their respective duties have in the last five years:-

(a) complied in all material respects with all applicable laws and regulations of England and Wales and any other jurisdiction in which its business is carried on relating to the criminal facilitation of tax evasion; and

(b) so far as the Seller is aware, complied in all material respects with any relevant obligations imposed by law relating to the prevention of the criminal facilitation of tax evasion in its procedures relating thereto and in any contract with any third party.

1.6 All transactions in respect of which any clearance or consent was required to be obtained by any Target Group Entity from any Tax Authority in the last four years have been entered into by each Target Group Entity after such consent or clearance has been properly obtained. Any application for such clearance or consent has been made on the basis of full and accurate disclosure of all the relevant material facts and considerations, and all such transactions have been carried into effect only in accordance with the terms of the relevant clearance or consent.

1.7 Each Target Group Entity has duly made and submitted within the relevant time limits all claims, disclaimers and elections and given all notices and consents for the purposes of any Tax assumed to have been made, submitted or given for the purposes of the Accounts or the Tax returns referred to in paragraph 1.1(a). Any such claims, elections, disclaimers, returns or other documentation remain valid in all material respects.

1.8 No Target Group Entity is, and has not within the last five years been, liable to pay any material fine, interest, surcharge or penalty in relation to Tax, nor has it been involved in any dispute with, or the subject of a non-routine audit, visit, enquiry or investigation by, a Tax Authority and there are no facts in existence which so far as the Seller is aware are likely to cause it to become liable to pay any material fine, interest, surcharge or penalty relating to Tax nor to give rise to any such dispute or non-routine audit, visit, enquiry or investigation.

1.9 No Tax has in the last five years been or so far as the Seller is aware may be assessed on a Target Group Entity where the amount in question is the primary liability of another person, and where such assessment arises or arose by reason of the failure by the other person to satisfy the Tax liability.

2. Residence

2.1 Each Target Group Entity is, and has since incorporation been, resident for Tax purposes only in the jurisdiction in which it is incorporated.

2.2 No Target Group Entity is liable to Tax other than in its country of residence, nor is acting nor has it in the last five years acted as the branch, agent, factor, or tax representative of any person resident outside its country of incorporation for Tax purposes and no such person carries on any trade or business through a Target Group Entity.

3. Transfer taxes

3.1 Each document under the control of any Target Group Entity, or to the production of which any Target Group Entity is entitled, and on which it relies to prove title to any asset or to establish or defend any right, has been duly stamped and any stamp duty or other transfer or registration tax payable in respect thereof duly paid.

3.2 No relief from any transfer Tax previously granted to a Target Group Entity will be withdrawn as a result of the sale of any Target Group Entity pursuant to this agreement.

3.3 No Target Group Entity has:

(a) entered into a contract to purchase any land or an agreement to take a lease of any land which in either case has not been completed by a conveyance or the grant of a lease; or

(b) entered into a land transaction where, so far as the Seller is aware, there will be an obligation in the future on the part of a Target Group Entity to make a further land transaction return for stamp duty land tax purposes; or

(c) applied to defer payment of stamp duty land tax under section 90 Finance Act 2003 to a date after Completion.

4. VAT

4.1 Each Target Group Entity is validly registered for VAT in its jurisdiction of incorporation and no Target Group Entity is registered or required to be registered for VAT in any other jurisdiction.

4.2 In the last five years, each Target Group Entity has complied in all material respects with applicable laws and regulations relating to VAT and has made and obtained correct and up-to-date records and documentation for the purposes of such laws.

4.3 No Target Group Entity is or has in the last five years been a member of any group of companies for the purpose of VAT.

4.4 Each Target Group Entity is entitled to full credit for all input tax charged to it.

4.5 No Target Group Entity has made or is otherwise bound by a real estate election (within the meaning of paragraph 21 Schedule 10 VATA) and no option to tax has been made by any Target Group Entity or by any relevant associate of any Target Group Entity (for the purposes of paragraph 3 of Schedule 10 VATA) in respect of any of the Properties.

5. Effect of this agreement

5.1 Neither the sale of the Shares pursuant to this agreement, nor the entry into of this agreement nor Completion, will give rise to any liability of any Target Group Entity to account for Tax (whether as a result of any de-grouping charge, any claw-back or withdrawal of any claim for a Relief or otherwise).

5.2 No Target Group Entity has any outstanding obligation, nor so far as the Seller is aware will become liable, to make any payment to another company in respect of any amounts surrendered, or agreed to be surrendered, by way of Group Relief (other than a payment due to another Target Group Entity) where the surrender relates (or will relate) to any period on or before Completion.

6. Employee Tax

6.1 No employee or director or former employee or director of any Target Group Entity or any person associated with any of them holds or held any shares or securities or options over or interests in any shares or securities of any Target Group Entity in relation to which a Target Group Entity could be liable after Completion to pay national insurance contributions or account for income tax or national insurance under the PAYE system, or account for any similar taxes or social security contributions in any other jurisdiction.

6.2 No employee or director (current or former) of a Target Group Entity holds any employment related securities (as defined in section 421B(8) ITEPA) or any securities option (as defined in section 420 ITEPA) which will or so far as the Seller is aware might in future give rise to any liability of the Target Group Entity to account for income tax by virtue of the person being treated as having employment income under any of the provisions of Part 7 ITEPA.

6.3 Each Target Group Entity has in the last four years complied with all relevant reporting obligations contained in Part 7 of ITEPA and the Schedules referred to in that Part, and any similar or equivalent reporting obligations in any other relevant jurisdiction.

6.4 No payments or loans have been made to, nor any assets made available or transferred to, nor any assets earmarked, however informally, for the benefit of, any current or former employee or director (or any associate of such current or former employee or director) of any Target Group Entity (in that capacity) by an employee benefit trust or another third party, pursuant to a "relevant arrangement" falling within the provisions of Part 7A ITEPA in relation to which the trust or third party is bound to take a "relevant step" for the purposes of that Part 7A in circumstances that will give rise to a liability to account for national insurance contributions or income tax under the PAYE system for a Target Group Entity.

6.5 There are no employee benefit trusts in place which were established for the benefit of the employees of any Target Group Entity.

6.6 Tilda Hain India Private Limited has in the last five years complied with all its obligations in respect of employment taxes and social security contributions (including but not limited to amounts payable pursuant to the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 of India or the Employees' State Insurance Act, 1948 of India) and all related reporting, accounting and payment obligations to the relevant authorities in connection with payments (including notional payments) and benefits provided to or for the benefit of any employees or directors (including former employees and directors) of that company. There is and has in the last five years been no dispute with any Tax Authority in respect of the same, no such dispute has been threatened and so far as the Seller is aware no such dispute is likely to arise.

7. Base costs, etc.

7.1 In the last five years, no claims or elections have been made by any Target Group Entity under Chapter 7 of Part 8 of CTA 2009 or section 827 of CTA 2009 (or any similar or equivalent provisions in another jurisdiction) in respect of any intangible fixed asset of any Target Group Entity.

7.2 In the last five years, there has been no transaction to which any of the following provisions applies or has applied in respect of any asset held by any Target Group Entity:

(a) section 23 of TCGA 1992 (compensation and insurance monies);

(b) section 135 and 136 of TCGA 1992 (reconstructions and amalgamations);

(c) section 139 of TCGA 1992 (transfers of assets on reconstructions and amalgamations);

(d) section 152-154 (inclusive) of TCGA 1992 (replacement of business assets);

(e) section 165 of TCGA 1992 (gifts of business assets); or

(f) section 171-171(c) and 173 of TCGA 1992 (intra-group transfers).

7.3 In the last five years, no Target Group Entity has made any election under section 792 of CTA 2009 nor any claim under section 179ZA of TCGA 1992.

8. Intangible Assets

8.1 All debits and credits in respect of Tilda Limited's intangible fixed assets are brought into account by each Tilda Limited as debits or credits (as the case may be) for the purpose of Part 8 to the CTA 2009 at the time and to the extent that such debits and credits are recognised in the statutory accounts of Tilda Limited.

9. Loan Relationships and Derivative Contracts

9.1 All debits and credits in respect of Tilda Limited's loan relationships or derivative contracts are brought into account by Tilda Limited as debits or credits for the purposes of Part 5 CTA 2009 (Loan Relationships) or Part 7 CTA 2009 (Derivative Contracts) (as the case may be) at the time and to the extent that such debits and credits are recognised in the statutory accounts of Tilda Limited.

9.2 The carrying value of any loan relationship or derivative contract in the statutory accounts of Tilda Limited is equal to the face value of the debt or the amount or value of the consideration given for the acquisition of the rights under that loan relationship or contract.

10. Inheritance Tax

10.1 Neither the assets nor the shares of any Target Group Entity are or so far as the Seller is aware may be subject to any charge by virtue of section 237 Inheritance Tax Act 1984, no person has or so far as the Seller is aware may have the power under section 212 Inheritance Tax Act 1984 to raise inheritance tax by sale or mortgage of, or a terminable charge on, any Target Group Entity's assets or shares and no Target Group Entity has in the last five years made any transfer of value to which Part IV Inheritance Tax Act 1984 has applied.

11. Anti-avoidance and Transfer Pricing

11.1 No Target Group Entity has in the last five years carried out or been party to any transaction where the sole or main purpose or one of the main purposes of the transaction was the avoidance of a liability of a Target Group Entity to Tax, whether as part of a scheme, arrangement, series of transactions or otherwise.

11.2 No Target Group Entity has in the last five years been party to any transaction in respect of which disclosure has been made or is required by or in respect of the Target Group Entity pursuant to Part 7 Finance Act 2004 or Schedule 11A VATA or equivalent or similar legislation in any other jurisdiction.

11.3 No Target Group Entity has in the last five years entered into any tax arrangements in relation to which the relevant Target Group Entity was advised that there was a material risk that such arrangements would be considered by a Tax Authority to be abusive for the purposes of the General Anti-Abuse Rule (GAAR) in Part 5 of the Finance Act 2013 or any similar or equivalent legislation of any other jurisdiction.

11.4 In relation to each transaction for the supply of goods or services or the lending or borrowing of money into which each Target Group Entity has entered in the last five years with a party with which it was connected, the relevant Target Group Entity has entered into such transaction or arrangement on arm's length terms and has contemporaneous documentary evidence of the process used to establish that arm's length terms applied.

12. Events since Accounts Date

12.1 Since the Accounts Date:

(a) no Target Group Entity has been involved in any transaction outside the ordinary and normal course of business which has given or could give rise to a Tax Liability or would have given rise to such a liability but for the availability of any Relief;

(b) no Target Group Entity has entered into any transaction which will or so far as the Seller is aware may (disregarding any statutory right to make any election or claim any allowance or relief other than one allowable under Section 38 TCGA) give rise to a liability to corporation tax on chargeable gains;

(c) nothing has occurred as a result of which any Target Group Entity could be required to bring a disposal value into account or suffer a balancing charge, or withdrawal of first year allowances or a recovery of excess relief for the purpose of capital allowances; and

(d) no Target Group Entity has disposed of or otherwise realised any intangible fixed assets for the purposes of Part 8 CTA 2009 nor been involved in any transaction or arrangement whereby it would be treated as having done so.

13. Other Taxes

No Target Group Entity is registered or required to register for insurance premium tax, landfill tax, climate change levy or aggregates levy.

14. Indian Tax

Each of the Seller and Hain Frozen Foods UK Limited:

14.1 does not have a permanent establishment in India;

14.2 is not liable to pay income tax in India;

14.3 is not liable to file any tax return in India and has therefore not sought any requisite tax registration in India;

14.4 has not received any letter, intimation, notice or order from the Indian income-tax authorities requiring it to file any tax return or disclosures with respect to its transactions undertaken in the past with any Indian party or be subjected to any assessment, audit, investigation, etc. for any financial year and no income-tax proceedings has ever been initiated on the Seller in India; and

14.5 has no pending or outstanding proceedings or tax claim in India and the transfer of shares of Tilda Hain India Pvt Ltd is done without knowledge of any such proceedings which can give rise to a tax claim for it in India.

15. Miscellaneous

Brand Associates Limited, being located and incorporated outside of India, owns IP outside India and has registered its IP in various countries, including India. It does not have any capital asset including IP situated in India and the majority of the registered IP owned by Brand Associates Limited is used for selling products outside of India, and therefore the majority of value derived by Brand Associates Limited is from the IP owned and exploited outside India.

SCHEDULE 4: SELLER LIMITATIONS

1. Aggregate liability

1.1 The maximum aggregate liability of the Seller in respect of all Title Claims and all other Claims under this agreement to the extent not subject to paragraphs 1.2 and 1.3 (including interest and costs) shall not exceed an amount equal to 100% per cent of the Consideration.

1.2 The aggregate liability of the Seller in respect of all Warranty Claims, Indemnity Claims and Tax Covenant Claims (in each case including interest and costs) shall not exceed 15% per cent of the Consideration.

1.3 The maximum aggregate liability of the Seller (excluding interest and costs) in respect of the General Warranty in paragraph 22.7 of schedule 2 shall be £500,000.

2. Small Claims

The Seller shall have no liability for any Warranty Claim in respect of any Small Claim.

3. Claims threshold

3.1 Subject to paragraph 3.2, the Seller shall not be liable for any Warranty Claim unless and until the aggregate liability of the Seller in respect of all Warranty Claims (calculated after applying the other provisions of this schedule and part 1 of schedule 3) other than Small Claims exceeds $3,000,000 (excluding interest and costs), in which case the Seller shall (subject to paragraph 1) be liable for all such claims and not just the excess.

3.2 The claims threshold set out in paragraph 3.1 shall not apply to the General Warranties in paragraphs 22.7 and 27.3 (as it applies to ongoing compliance by Tilda International DMCC with the terms of its trade licenses) of schedule 2, and any General Warranty Claims arising as a result of the breach of such General Warranties, and any such claims shall not count as Warranty Claims for the purposes of paragraph 3.1.

4. Tax limitations

The provisions of paragraph 4 of part 1 of schedule 3 shall apply to any Tax Claims. Where there is any inconsistency between the provisions of part 1 of schedule 3 and any other provision of this agreement, the provisions of part 1 of schedule 3 shall prevail.

5. Notice of Non-Tax Claims

5.1 The Purchaser shall give notice to the Seller of any Non-Tax Claim setting out reasonable details of the Non-Tax Claim (including the grounds on which it is based and the Purchaser's good faith estimate of the amount of the Non-Tax Claim (detailing the Purchaser's calculation of the loss, liability or damage alleged to have been suffered or incurred)), provided always that compliance with the requirements of this paragraph shall not be a pre-condition to any liability of the Seller.

5.2 The Seller shall not be liable for any Non-Tax Claim unless the Purchaser has given notice of such Claim to the Seller as soon as reasonably practicable after the Purchaser Group becomes aware that the Purchaser has or is likely to have such Non-Tax Claim, and in any event on or before:

(a) in the case of any General Warranty Claim, the expiry of 18 months from Completion; and

(b) in the case of any Title Claim, the fourth anniversary of Completion.

5.3 The Seller shall not be liable for any Claim (other than an Indemnity Claim or a Claim which has been previously satisfied or settled) unless legal proceedings in respect of such Claim have been commenced by being both properly issued and validly served on the Seller within six months of the date the Seller was first notified of the matter or thing giving rise to such Claim and no new Claim may be made in respect of the matter or thing giving rise to such Claim, provided that where such Claim arises out of a liability which, at the time it is notified to the Seller, is contingent only or otherwise not capable of being quantified, the time limit in this paragraph 5.3 shall be extended to 6 months from such liability ceasing to be contingent or otherwise not capable of being quantified.

6. Purchaser's knowledge

The Seller shall not be liable for any Claim (other than an Indemnity Claim or a Tax Covenant Claim) if, but only to the extent that, the Purchaser had knowledge of any matter or thing which it knew would or would be reasonably likely to give rise to an actionable Claim at the date of this agreement. For the purposes of this paragraph 6, the Purchaser shall be deemed to have knowledge of any matter or thing which, as at the date of this agreement, is actually known to the directors of the Purchaser and [Redacted], each such person being deemed to have made reasonable enquiries in respect of the subject matter of such matter or thing.

7. Disclosure and information

The Seller shall not be liable for any Claim (other than an Indemnity Claim or a Tax Covenant Claim or a General Warranty Claim in respect of the General Warranty in paragraph 22.7 of schedule 2) if, but only to the extent that, the matter or thing giving rise to such Claim has been Fairly Disclosed.

8. Management Accounts, Pro Forma Accounts and Completion Statements

The Seller shall not be liable for any Non-Tax Claim if, but only to the extent that, specific provision, reserve or allowance has been made in the Management Accounts, Pro Forma Accounts or the Completion Statements in respect of the matter or thing giving rise to such Non-Tax Claim, or such matter or thing is specifically referred to in the notes to the Management Accounts, Pro Forma Accounts or the Completion Statements and only up to the amount of such provision, reserve or allowance.

9. Other exclusions and limitations

9.1 The Seller shall not be liable in respect of any Non-Tax Claim if, but only to the extent that, such Non-Tax Claim arises from or is otherwise attributable to, or the amount of such Non-Tax Claim is increased as a result of:

(a) the failure by the Purchaser to comply with the provisions of this schedule;

(b) any change in legislation or law, administrative or regulatory practice or in the generally accepted interpretation or application of any legislation or law, in each case occurring after the date of this agreement;

(c) Completion or any other act, omission, transaction or arrangement contemplated by any of the Acquisition Documents;

(d) any voluntary act, transaction or omission of the Purchaser at any time, or any Target Group Entity after Completion, which is outside the ordinary course of its business as conducted at Completion, save where pursuant to a legally binding commitment entered into on or before Completion by any Target Group Entity;

(e) any act, omission, transaction or arrangement carried out by a Target Group Entity before or on Completion at the written request, or with the prior written consent, of the Purchaser; or

(f) any lost profit, goodwill or business, whether actual or prospective, or any indirect or consequential loss.

9.2 The Seller shall not be liable in respect of any Non-Tax Claim if, but only to the extent that, the matter or thing giving rise to such Non-Tax Claim has been or is made good or is otherwise compensated for without cost to the Purchaser or any Target Group Entity.

10. No double recovery

Any payment made by or on behalf of the Seller in respect of any Claim shall satisfy and discharge any other Claim which is capable of being made against the Seller in respect of the same matter or thing, but only to the extent of the payment made.

11. Calculation of liability

In calculating the liability of the Seller in relation to any Non-Tax Claim, there shall be taken into account any benefit accruing to the Purchaser Group as a result of the matter or thing giving rise to the Non-Tax Claim (including the amount of any reduction in, or relief from, Tax).

12. Right to remedy

The Seller shall not be liable in respect of any Non-Tax Claim if, but only to the extent that, the matter or thing giving rise to such Non-Tax Claim is capable of remedy and is remedied (to the satisfaction of the Purchaser (acting reasonably) and without cost to the Purchaser or any Target Group Entity) within 60 days of the date on which notice of such Non-Tax Claim is given to the Seller. The Purchaser shall procure that the Seller is given the opportunity within that 60 day period to remedy the relevant matter or thing and shall provide, and shall procure that each Target Group Entity provides, all reasonable assistance to the Seller to remedy the relevant matter or thing.

13. Claims handling: information and access

13.1 The Purchaser shall, as soon as reasonably practicable, give notice to the Seller containing reasonable details of any matter or thing of which the Purchaser Group becomes aware that indicates that:

(a) the Purchaser has or is likely to have a Non-Tax Claim;

(b) any Defendant Claim has been, will or is likely to be made; or

(c) any Recovery Claim exists or is likely to exist.

13.2 The Purchaser shall, and shall procure that the Purchaser Group shall:

(a) keep the Seller informed, as soon as reasonably practicable, of all material developments in relation to any matter or thing required to be notified pursuant to paragraph 5.2 or 13.1;

(b) preserve all documents, records, correspondence, accounts and other information whatsoever (in whatever form held) which it considers (acting reasonably) to be relevant to any actual or potential Non-Tax Claim, Defendant Claim or Recovery Claim (**"Retained Information"**);

(c) during normal business hours and on reasonable notice, and as the Seller may reasonably require:

(i) allow the Seller and its Representatives (upon prior entry into a non disclosure agreement in a form reasonably required by the Purchaser that is consistent and no more onerous than the provisions of clause 9 of this agreement) to have access to the Retained Information, its premises and assets, and to take copies (at the Seller's own expense) of the Retained Information or any part of it and photographs of any premises or assets; and

(ii) make available to the Seller and its Representatives (upon prior entry into a non disclosure agreement in a form reasonably required by the Purchaser that is consistent and no more onerous than the provisions of clause 9 of this agreement) such of its personnel who are in possession of the Retained Information or any part of it (such personnel to be available at the premises at which the relevant individual is employed and to attend legal proceedings if reasonably required).

14. Defendant Claims

Subject to such Defendant Claim not constituting a Small Claim and the claims threshold in paragraph 3.1 of this schedule 4 being exceeded (in respect of any Claim other than a Warranty Claim under General Warranty 22.7), the Purchaser shall, and shall procure that the Purchaser Group shall:

14.1 consult with the Seller and take all such actions as the Seller may reasonably request in writing to assess, defend, mitigate, settle or compromise the relevant Defendant Claim or to appeal against any judgment or other adjudication made in relation to the relevant Defendant Claim (including using professional advisers nominated by the Seller);

14.2 otherwise take all reasonable steps to minimise its liability in relation to the relevant Defendant Claim; and

14.3 not admit liability in relation to, nor cease to defend, settle or compromise, the relevant Defendant Claim without the prior written consent of the Seller, not to be unreasonably withheld or delayed,

provided always that no member of the Purchaser Group shall be required to undertake any action that it reasonably believes materially harms or is likely to materially harm the business of any member of the Purchaser Group, whether in respect of any relationship with any customer or supplier, its reputation or otherwise.

15. Recovery Claims

15.1 The Purchaser shall, and shall procure that the Purchaser Group shall:

(a) consult with the Seller and take all such actions as the Seller may reasonably request in writing to pursue the relevant Recovery Claim (including the institution of any legal action or proceedings and any appeal against any judgment or other adjudication made in relation to them);

(b) otherwise take all reasonable steps to maximise any recovery in relation to the relevant Recovery Claim; and

(c) not withdraw, settle or compromise the relevant Recovery Claim without the prior written consent of the Seller, not to be unreasonably withheld or delayed,

provided always that no member of the Purchaser Group shall be required to undertake any action that it reasonably believes materially harms or is likely to materially harm the business of any member of the Purchaser Group, whether in respect of any relationship with any customer or supplier, its reputation or otherwise. If the Purchaser Group recovers any sum pursuant to a Recovery Claim after any corresponding Non-Tax Claim has been agreed or finally determined but before the Seller makes a payment in respect of it, then the amount payable by the Seller shall be reduced by an amount equal to the sum recovered (less all reasonable out-of-pocket costs and expenses incurred by the Purchaser Group in obtaining such recovery and any tax incurred by the Purchaser Group in respect of the sum recovered) (**"Recovery Sum"**).

15.2 If the Seller has made a payment in respect of a Non-Tax Claim (**"Claim Payment"**) and the Purchaser Group subsequently recovers from a third party any sum in respect of any corresponding Recovery Claim, the Purchaser shall repay promptly to the Seller an amount equal to the lesser of (a) the Recovery Sum; and (b) the amount of the Claim Payment.

15.3 If any repayment is made to the Seller pursuant to paragraph 15.2, an amount equal to such repayment shall be deemed never to have been paid by the Seller for the purposes of calculating the liability of the Seller under paragraph 3.

16. Mitigation

16.1 Nothing in the Acquisition Documents shall, or shall be deemed to, affect the Purchaser's general legal obligation to take reasonable steps to mitigate any loss, liability or damage which it may suffer or incur.

17. Claim to be reduction of Consideration

Any payment made by or on behalf of the Seller in respect of any Non-Tax Claim shall if, but only to the extent, legally possible, be deemed to reduce the Consideration received by the Seller.

SCHEDULE 5: COMPLETION OBLIGATIONS

Part 1: Seller's obligations on Completion

1. Documents, etc to be delivered

The Seller shall deliver or procure to be delivered to the Purchaser:

Seller authorities

1.1 a copy of the minutes of a meeting of the board of directors of the Seller in the Agreed Form (authorising the execution of any Acquisition Document to which the Seller is party, and appointing the relevant signatory or signatories to sign such Acquisition Document(s) on the Seller's behalf);

Shares

1.2 executed and stamped (in respect of Target Group Entities located outside the United Kingdom and Isle of Man) transfer forms in respect of the Shares in favour of the Purchaser (or such other member of the Purchaser Group as the Purchaser shall nominate);

1.3 the share certificates for the Shares;

1.4 an executed power of attorney in the Agreed Form from the Seller in favour of the Purchaser (or such other member of the Purchaser Group as the Purchaser shall nominate) to enable the Purchaser (or such other member of the Purchaser Group as the Purchaser shall nominate) to exercise all rights attaching to the Shares until the Purchaser (or such other member of the Purchaser Group as the Purchaser shall nominate) becomes the registered holder of them;

Records

1.5 the statutory registers and share certificate books of each Target Group Entity (excluding Brand Associates Limited);

Officers

1.6 the written resignations in the Agreed Form of all directors and the secretaries (excluding Bob Bailie and Umesh Parmar) of each Target Group Entity;

Other documents

1.7 the Transitional Services Agreement executed by the Seller;

1.8 the Disclosure Letter;

1.9 a copy of the duly executed resolution of the shareholder of Tilda Limited amending the articles of association of Tilda Limited;

1.10 the following documents (in a form reasonably acceptable to the Purchaser) evidencing ownership of Tilda Hain India Private Limited:

(a) stamped share certificates;

(b) copy current register of members of Tilda Hain India Private Limited;

(c) copy board meeting minutes approving the transfers of shares to the current owners;

(d) copy share transfer forms in relation to the transfers of shares to the current owners; and

1.11 complete details allowing access to Tilda International DMCC's online DMCC portal;

2. Board meetings of the Target Group Entities

The Seller shall procure that a meeting of the board of directors of each Target Group Entity is held at which:

2.1 in relation to the Target Entities only, the transfers of the relevant Shares are approved for registration (subject only to being duly stamped (if applicable) and the endorsement of the name of the Purchaser (or such other member of the Purchaser Group as the Purchaser shall nominate) on the relevant share certificates, where applicable);

2.2 the resignations referred to in paragraph 1.6 are accepted with effect from the end of the meeting;

2.3 such persons as the Purchaser nominates are appointed as directors and the secretary (if applicable) with effect from the end of the meeting; and

2.4 necessary authorisations are granted for updating the register of members of the relevant Target Entity for entering the name of the Purchaser (or such other member of the Purchaser Group as the Purchaser shall nominate) as the registered holder of the Shares, and updating the relevant registers to reflect the resignations and appointments referred to in paragraph 2.2 and 2.3.

Part 2: Purchaser's obligations on Completion

1. Documents, etc to be delivered

1.1 The Purchaser shall deliver to the Seller:

(a) an acknowledgement of the Disclosure Letter; and

(b) the Transitional Services Agreement executed by the Purchaser.

2. Payment on account of Consideration

The Purchaser shall pay the Completion Payment in accordance with clause 3.

SCHEDULE 6: COMPLETION STATEMENTS

Part 1: General

1. Contents

The Completion Statements shall comprise a statement of the Cash, Debt and Working Capital as at the Effective Time.

2. Bases of preparation

The Completion Statements shall be prepared in accordance with the following:

2.1 the specific accounting policies, principles, categorisations, estimation techniques, measurement bases, practices, procedures and rules set out in part 3;

2.2 if, but only to the extent, not covered by paragraph 2.1, applying the same accounting policies, principles, estimation techniques, measurement bases, practices and procedures and categorisations used by the Target Group Entities in the preparation of the Pro-forma Net Assets as there applied, including in relation to the exercise of accounting discretion and judgement; and

2.3 if, but only to the extent, not covered by paragraphs 2.1 or 2.2, in accordance with IFRS.

3. Stock take

The Seller and the Purchaser shall procure that:

3.1 a physical stock take to verify the amount of the stock and work in progress of the Target Group Entities as at close of business on the Completion Date is carried out jointly by representatives of the Seller and the Purchaser in accordance with the procedures set out in part 4;

3.2 such stock take shall:

(a) be concluded as soon as reasonably practicable and in any event not later than three Business Days after the Completion Date; and

(b) prioritise locations by volume of stock (in descending order); and

3.3 an inventory of such stock-take (**"Inventory"**) is produced and initialled by a representative of both the Seller and the Purchaser to confirm their agreement to it and to reconcile any variances in the volume of stock within five Business Days of Completion. If no such agreement is reached within five Business Days of Completion, either the Seller or the Purchaser may refer the items of stock and work in progress in dispute for determination by an Expert in accordance with part 2.

4. Submission of Draft Completion Statements

The Purchaser shall procure the preparation and submission to the Seller of a draft of the Completion Statements (**"Draft Completion Statements"**) within 45 Business Days of Completion.

5. Agreement or determination of Draft Completion Statements

5.1 Within 30 Business Days of receipt of the Draft Completion Statements (**"Response Period"**), the Seller may give notice to the Purchaser disputing the Draft Completion Statements (**"Dispute Notice"**), stating:

(a) the item or items in dispute (**"Disputed Items"**);

(b) the reasons for such dispute; and

(c) details of their proposed adjustments to the Draft Completion Statements.

5.2 If:

(a) the Seller gives notice to the Purchaser agreeing the Draft Completion Statements; or

(b) the Seller does not give a Dispute Notice within the Response Period,

then the Draft Completion Statements shall constitute the agreed Completion Statements.

5.3 If a Dispute Notice is given within the Response Period:

(a) except for the Disputed Items, the Seller and the Purchaser shall be deemed to have agreed all other items in the Draft Completion Statements;

(b) the Purchaser and the Seller shall endeavour to agree the Draft Completion Statements in good faith and, failing such agreement in writing within 10 Business Days of receipt of the Dispute Notice (or such later date as may be agreed in writing between the Purchaser and the Seller), any item or items which are in dispute shall be referred for determination by an Expert in accordance with the provisions of part 2 on the written request of either the Purchaser or the Seller; and

(c) the Draft Completion Statements adjusted, where applicable, to reflect any modifications agreed in writing between the Purchaser and the Seller and any Expert's determination pursuant to part 2, shall constitute the Completion Statements.

5.4 The Completion Statements as constituted pursuant to paragraph 5.2 or 5.3(c) shall be final and binding on the parties for the purposes of this agreement.

6. Records, etc.

6.1 The Purchaser shall procure that each Target Group Entity provides to the Seller and its representatives reasonable access (along with the ability to take copies of relevant documents and records) during normal business hours to:

(a) its accounting records to facilitate the review and agreement or other determination of the Completion Statements; and

(b) relevant personnel to obtain all relevant facts and information within their knowledge,

to facilitate the review and agreement or other determination of the Completion Statements.

6.2 The Seller shall procure that each relevant member of the Seller Group provides to the Purchaser and its representatives reasonable access (along with the ability to take copies of relevant documents and records) during normal business hours to:

(a) its accounting records (to the extent that they contain material relevant information relating to the Business or the Stock), if required in connection with the preparation and agreement or other determination of the Completion Statements; and

(b) its personnel (to the extent that such personnel have material relevant knowledge concerning the Business or the Stock) to obtain all relevant facts and information within their knowledge,

to facilitate the preparation and agreement or other determination of the Completion Statements.

Part 2: Expert determination

1. Appointment of Expert

1.1 An **"Expert"** is an individual with suitable experience in dealing with such types of dispute at a firm of internationally recognised chartered accountants in England (who and which are independent of the parties):

(a) agreed by the Purchaser and the Seller in writing; or

(b) in default of agreement within 10 Business Days of the date of either the Purchaser or the Seller serving on the other details of its suggested Expert or Experts, nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales on the application at any time of either the Purchaser or the Seller.

1.2 Any firm proposed or nominated to provide an Expert shall be required to declare in writing any current and past associations of such firm and its proposed Expert with any party or (if applicable) its group before appointment to establish their independence.

1.3 The Expert shall be jointly appointed by the Purchaser and the Seller and shall act as an expert and not as an arbitrator.

1.4 Each of the Purchaser and the Seller agrees to:

(a) Use its reasonable endeavours to appoint the Expert expeditiously following a written request to do so from the other and to agree the terms of engagement for the Expert within 10 Business Days of the Expert's selection or nomination;

(b) not unreasonably (having regard to the provisions of this part 2) refuse its agreement to any terms of engagement proposed by the Expert (which may include a limitation on his liability at a level consistent with market practice at the relevant time) or the other; and

(c) instruct the Expert to deliver his determination within 20 Business Days of his appointment.

2. Procedure

2.1 Within 15 Business Days of his appointment, the Purchaser and the Seller shall each provide the Expert with a written statement detailing the disputed item or items, in relation to each item and the adjustments (if any) it proposes to the Draft Completion Statements, together with copies of any supporting documents. The Expert shall afford the Purchaser and the Seller the opportunity within reasonable time limits to make written representations to him on the written statement and representations of the other.

2.2 The Purchaser and the Seller shall each provide (or, if, but only to the extent, it is reasonably able, procure that others provide) the Expert with such other documents, information and assistance (including the right to inspect such documents, records and materials held by it or under its control) as the Expert reasonably requires for the purpose of making his determination. For the avoidance of doubt, neither the Purchaser nor the Seller shall be obliged to provide the Expert with auditors' working papers or any information or documents prepared by its advisers with a view to assessing the merits of any argument on any item in dispute.

2.3 The Purchaser and the Seller shall supply the other with a copy of anything provided by it or on its behalf to the Expert pursuant to this part 2 at the same time as it is provided to the Expert.

3. Determination of Expert

3.1 The Expert shall:

(a) conduct and deliver his determination in the English language;

(b) be entitled to obtain such independent legal or other professional advice as he may reasonably require in making his determination;

(c) if, but only to the extent, not provided for in or inconsistent with this part 2, determine the procedure to be followed in making his determination;

(d) determine on the basis of all information, documents and materials before him what adjustments (if any) are in his opinion necessary to the amounts shown by the Draft Completion Statements in respect of each of the disputed items referred to him in order to comply with the provisions of this agreement; and

(e) notify the Purchaser and the Seller of his determination in writing (without reasons) as soon as practicable.

3.2 The Expert's determination shall be final and binding on the parties except when there is fraud or manifest error.

3.3 The Expert's fees and expenses (including the costs of his nomination and any fees and expenses of any professional advisers appointed by him) shall be borne as determined by the Expert (having regard to the merits of the parties' submissions), failing which, borne equally by the Purchaser and the Seller.

4. Substitute or replacement Expert

If the Expert dies or becomes unwilling to act or incapable of acting, then the Purchaser and the Seller shall:

4.1 accept any substitute Expert reasonably nominated by the firm engaged by them following a written request to such firm to do so from either the Purchaser or the Seller; or

4.2 if no substitute is nominated within 10 Business Days of such request, promptly discharge the original Expert and appoint a replacement expeditiously, and this part 2 shall apply to the replacement Expert as if he were the first Expert appointed.

Part 3: Pro formas

Example Pro forma statement of Cash, Debt and Working Capital

[Omitted]

[Omitted]

Part 4 Toledo Specific Accounting Policies

[Omitted]

[Omitted]

[Omitted]

[Omitted]

SCHEDULE 7: KEY CUSTOMERS AND SUPPLIERS

[Omitted]

Signed for and on behalf of **THE HAIN CELESTIAL GROUP, INC.** by:))

Signature /s/ Mark Schiller

Name (block capitals) MARK SCHILLER

Director/authorised signatory

Signed for and on behalf of **EBRO FOODS S.A.** by:))

Signature /s/ Pablo Albendea Solis

Name (block capitals) PABLO ALBENDEA SOLIS

Director/authorised signatory

Exhibit 4.2

Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934

As of August 29, 2019, The Hain Celestial Group, Inc., a Delaware corporation (the “Company,” “we,” “us,” or “our”), had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: Common Stock, par value $.01 per share (the “Common Stock”). The following summary includes a brief description of the Common Stock, as well as certain related additional information. The summary is not complete and is qualified in its entirety by reference to the Company’s Amended and Restated Certificate of Incorporation, as amended (“Certificate of Incorporation”) and Amended and Restated By-Laws (“By-Laws”).

Authorized Shares

Pursuant to the Certificate of Incorporation, the total number of shares of stock that the Company has authority to issue is 155,000,000 shares, consisting of 150,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock, par value $.01 per share (the “Preferred Stock”).

As of August 29, 2019, there are no shares of Preferred Stock outstanding. The Company’s Board of Directors is authorized to issue Preferred Stock with such voting, dividend, liquidation, conversion, or other rights, privileges and limitations as the Board of Directors may from time to time determine, which could affect the relative voting power or other rights of the holders of Common Stock.

Voting Rights

Each share of Common Stock entitles the holder to one vote on each matter voted on by stockholders. Under Article II, Section 8 of the Company’s By-Laws, unless otherwise required by statute, the Certificate Incorporation or the By-Laws, any corporate action to be taken by vote of the stockholders shall be authorized by a majority of the votes cast by the holders of shares present in person or represented by proxy and entitled to vote on such action at a meeting of stockholders at which a quorum is present. With respect to the election of directors, at each meeting of stockholders for the election of directors at which a quorum is present, the persons receiving a majority of the votes cast at such election shall be elected, provided, however, that at any meeting of stockholders for which the Secretary of the Company determines that the number of nominees for director exceeds the number of directors to be elected, directors shall be elected by a plurality of the votes of the shares represented in person or represented by proxy at such meeting and entitled to vote on the election of directors. There is no cumulative voting.

Dividend Rights

Subject to any rights of holders of any Preferred Stock that may be issued in the future, holders of Common Stock have the right to receive dividends when, as and if declared by the Company’s Board of Directors out of funds legally available for that purpose.

Liquidation Rights

Subject to any preferential rights of holders of any Preferred Stock that may be issued in the future, holders of Common Stock will share ratably in all assets legally available for distribution to our stockholders in the event of liquidation or dissolution of the Company.

Other Rights

Our Common Stock has no conversion rights, sinking fund provisions, redemption provisions or preemptive rights.

Nasdaq Listing

Our Common Stock is listed on the Nasdaq Global Select Market under the ticker symbol “HAIN.”

Potential Anti-takeover Effects of the Preferred Stock

The Company's Board of Directors is authorized to issue Preferred Stock with voting, dividend, liquidation, conversion, or other rights that may have an effect of delaying, deferring or preventing a change in control of the Company. See Part I, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2019, to which this Exhibit 4.2 is attached, under the heading "*Our ability to issue preferred stock may deter takeover attempts.*"

Exhibit 10.9

The Hain Celestial Group, Inc.
Worldwide Headquarters

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

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May 2, 2019

Personal & Confidential

Mr. Kevin McGahren

Dear Kevin:

Subject to the approval of the Board of Directors, we are pleased to offer employment to you as Executive Vice President and Chief Marketing Officer of The Hain Celestial Group, Inc. ("**Hain Celestial**" or the "**Company**"). Your employment will commence on or about May 20th, 2019 (the "**Start Date**"), and you will report directly to Mark Schiller, President and Chief Executive Officer. Please note that your job responsibilities are subject to change as Hain Celestial's business needs may require.

1. Your annual base salary will be $450,000 (less required withholdings and elected deductions), and will be paid in accordance with the Company's payroll practices.

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

3. Subject to approval of the Compensation Committee, you will receive an upfront grant of performance-vesting units (**PSUs**") for the balance of fiscal year 2019 and fiscal years 2020 – 2021 based on a $1,700,000 target value at (the number of PSUs will be determined by dividing $1,700,000 by the closing stock price on the business day prior to the Start Date). The PSUs will be subject to the terms and conditions set forth in the Performance Units Agreement, and will vest pursuant to the achievement of pre-established stock price goals at the end of the performance period (ending on November 6, 2021, unless as otherwise specified in the Performance Units Agreement) and your continued employment until the end of the performance period.

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

If Hain Celestial terminates your employment without cause, as determined by the Compensation Committee in good faith, you will be entitled to receive a severance payment of one (1) times your annual base salary in effect at the time of termination and one (1) times your target annual bonus for the year in which the

termination date occurs, payable (less applicable withholdings) in 12 equal monthly installments following your termination of employment. Your entitlement to the severance payment will be subject to the execution of a separation agreement and release of claims in a form satisfactory to the Company, including an acknowledgment of the continued effectiveness of your post-employment restrictive covenants and other obligations to the Company.

1. It is expected that the Compensation Committee will designate you to participate in the Company's "Change in Control Agreement," in accordance with and subject to the terms and conditions of such agreement. The Change in Control Agreement will generally provide a severance benefit equal to (2) times your annual base salary and annual target bonus if your employment is terminated under certain circumstances in connection with a Change in Control (as defined in the agreement). Please note however that the current form of the Company's Change in Control Agreement is currently under review by the Compensation Committee and may be subject to amendment before being offered to you.

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

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

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

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

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

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

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

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

Sincerely,

/s/ Robert Gulliver

Robert Gulliver
Chief Human Resources Officer

Accepted: /s/ Kevin McGahren

May 2, 2019

CHANGE IN CONTROL AGREEMENT

This CHANGE IN CONTROL AGREEMENT, dated as of ________________, 20___ (this "***Agreement***"), is made by and between The Hain Celestial Group, Inc., a Delaware corporation having its principal offices at 1111 Marcus Avenue, Lake Success, NY 11042 (the "***Company***"), and _____________________ (the "***Executive***").

WHEREAS, the Company considers it essential to the best interest of its stockholders to foster the continued employment of key executive management personnel; and

WHEREAS, the Board of Directors of the Company (the "***Board***") recognizes that, as is the case with many publicly-held corporations, the possibility of a Change in Control (as defined below) of the Company exists from time to time and that such possibility, and the uncertainty, instability and questions which it may raise for and among key executive management personnel, may result in the premature departure or significant distraction of such management personnel to the material detriment of the Company and its stockholders; and

WHEREAS, the Board has determined that appropriate steps should be taken to reinforce, focus and encourage the continued attention and dedication of key members of the executive management of the Company and its subsidiaries, including the Executive, to their assigned duties without distraction in the face of potentially disturbing or unsettling circumstances arising from the possibility of a Change in Control of the Company.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. ***Definitions***. For purposes of this Agreement, the following terms have the meanings set forth below:

1.1 "***Base Salary***" means the Executive's annualized base salary as in effect from time to time. As of the date of this Agreement, the Executive's Base Salary is $___________.

1.2 "***Cause***" means the following grounds for termination of employment:

a. The Executive is convicted of a felony or enters a plea of guilty or *nolo contendere* with respect thereto;

b. The Executive's continuous failure to substantially perform the Executive's reasonably assigned duties for the Company or any subsidiary (other than a failure resulting from the Executive's incapacity due to physical or mental illness), which failure has continued for a period of at least thirty (30) days after a written notice of demand for substantial performance, signed by a duly authorized officer of the Company, has been delivered to the Executive specifying the manner in which the Executive has failed substantially to perform;

c. The Executive engages in actual or attempted theft or embezzlement of Company assets;

d. The Executive engages in conduct that is materially harmful to the public reputation of the Company or any subsidiary, other than conduct required by law or regulation;

e. The Executive engages in any act of dishonesty, fraud, or immoral or disreputable conduct;

f. The Executive engages in willful misconduct in the performance of the Executive's duties, or materially violates any Company policy or code of conduct (including, without limitation, with respect to harassment); or

g. The Executive materially breaches any covenant or condition of the Executive's employment agreement or offer letter with the Company or any other agreement between the parties including without limitation any agreement containing provisions relating to confidentiality, assignment of inventions, non-competition, non-solicitation / non-interference, or non-disparagement, or breaches the Executive's fiduciary duty to the Company or any subsidiary.

1.3 "***Change in Control***" means:

a. The acquisition by any person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended, of fifty percent (50%) or more of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors ("***Voting Stock***"); provided, however, that for purposes of this clause a., the following acquisitions shall not constitute a Change in Control: (i) any issuance of Voting Stock of the Company directly from the Company that is approved by the Incumbent Board (as defined below), (ii) any acquisition by the Company of Voting Stock of the Company or (iii) any acquisition of Voting Stock of the Company by any person pursuant to a Business Combination (as defined below) that complies with clauses (i), (ii) and (iii) of clause c. below; or

b. during any period of one year beginning on or after the date hereof, individuals who, as of the date hereof, constitute the Board (the "***Incumbent Board***"), cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a member of the Board (a "***Director***") subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the Directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such

nomination) shall be deemed to have been a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or

c. consummation of a reorganization, merger or consolidation, a sale or other disposition of all or substantially all of the assets of the Company (each, a "***Business Combination***"), unless, in each case, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners of Voting Stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, (ii) no person (other than the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, fifty percent (50%) or more of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination and (iii) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

d. the stockholders of the Company approve the sale or disposition by the Company (other than to a subsidiary of the Company) of all or substantially all of the assets of the Company.

With respect to any payment that is "nonqualified deferred compensation" as defined under Section 409A, it is the intent of the Company that the definition of "Change in Control" satisfies, and be interpreted in a manner that satisfies, the applicable requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("***Section 409A***"). If the definition of "Change in Control" would otherwise frustrate or conflict with the intent expressed above, that definition to the extent possible shall be interpreted and deemed amended so as to avoid such conflict.

1.4 "***Company***" means The Hain Celestial Group, Inc. and any successor to its business and/or assets which assumes (either expressly, by operation of law or otherwise) and/or agrees to perform this Agreement by operation of law or otherwise (except in determining, under Section 1.3 hereof, whether or not any Change in Control of the Company has occurred in connection with such succession).

1.5 "***Good Reason***" means the occurrence (without the Executive's prior express written consent) of any one of the following acts, or failures to act:

a. the assignment to the Executive of any duties or responsibilities materially inconsistent with the Executive's position, or a material diminution in the Executive's position, duties, authority or responsibilities; provided that Good Reason shall not exist under this clause if such material diminution in duties and responsibilities occurs after the Executive has provided notice of the Executive's intention to terminate the Executive's employment, or is as a result of any disposition or sale of any subsidiary or business of the Company;

b. a material reduction in the Executive's Base Salary as in effect on the date of this Agreement or as the same may be increased from time to time;

c. the relocation of the Company's principal executive offices to a location more than fifty (50) miles from its location on the date of this Agreement (or, if different, more than fifty (50) miles from where such offices are located immediately prior to such change); and/or

d. any failure by the Company to comply with any of the material provisions of the Executive's employment agreement or offer letter with the Company.

For purposes of this Agreement, the Executive shall not have Good Reason for termination unless (i) the Executive reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) the Executive notifies the Company in writing of the occurrence of the Good Reason condition within sixty (60) days of such occurrence; (iii) the Company fails to cure the condition during the period of thirty (30) days following such notice (the "***Cure Period***"); and (iv) the Executive terminates the Executive's employment within sixty (60) days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

1.6 "***Target Award***" means the target amount of the Executive's annual incentive award under annual incentive plans to be adopted by the Compensation Committee of the Board. As of the date of this Agreement, the Executive's Target Award is an amount equal to ___% of the Executive's Base Salary.

2. ***Change in Control Severance***.

2.1 *Severance*. If a Change in Control occurs during the Term and, during the period commencing on the date of the Change in Control and ending twelve (12) months following the date of the Change in Control, the Executive's employment with the Company is terminated by the Company without Cause or by the Executive for Good Reason, the Executive shall receive cash severance (the "***Change in Control Severance***") in an amount equal to ___ times the sum of the Executive's Base Salary plus the Executive's Target Award, which shall be paid in equal installments over a ___-year period in accordance with the Company's regular payroll schedule,

with the first payment being made on the sixtieth (60) day after the termination of the Executive's employment.

2.2 *Release; Section 409A; No Offset or Duty to Mitigate*. The Change in Control Severance shall in all respects be conditioned on (i) the Executive executing within twenty-one (21) days of termination (or forty-five (45) days to the extent required by applicable law) and not revoking a written release in a form provided by the Company releasing the Company from any and all claims with respect to all matters arising out of or related to the Executive's employment by the Company or the termination of the Executive's employment (the "***Release***"), which Release will not release the Executive's right to severance or to indemnification against third party claims, or the Executive's rights as a shareholder of the Company, and will not increase the scope or duration of any post-employment restrictions on the Executive's activities, (ii) the Executive's compliance with the terms of the Release, including any return of property, non-disparagement, and confidentiality provisions, and (iii) the Executive's continued compliance with the Executive's obligations under any continuing provisions in the Executive's employment agreement or offer letter with the Company or any other agreement between the parties, in each case relating to confidentiality, assignment of inventions, non-competition, non-solicitation / non-interference, or non-disparagement. In no event shall the timing of the Executive's execution of the Release, directly or indirectly, result in the Executive designating the calendar year of payment of the Change in Control Severance, and if a payment that is "nonqualified deferred compensation" as defined under Section 409A is subject to execution of the Release and could be made in more than one taxable year, payment shall be made in the later taxable year. If the Executive is considered a "specified employee" (as defined under Section 409A) and payment of any amounts under this Agreement is required to be delayed for a period of six (6) months after separation from service pursuant to Section 409A, payment of such amounts shall be delayed as required by Section 409A, and the accumulated postponed amounts shall be paid in a lump-sum payment within five (5) days after the end of the six (6) month period. If the Executive dies during the postponement period prior to the payment of benefits, the amounts postponed on account of Section 409A shall be paid to the personal representative of the Executive's estate within sixty (60) days after the date of the Executive's death. The Executive's rights to the Change in Control Severance under this Agreement will not be subject to offset by compensation from other sources or a duty on the Executive's part to mitigate or seek other employment.

2.3 *Other Agreements, Policies or Arrangements*. In the event the Executive becomes entitled to receive the Change in Control Severance, the payment to the Executive of such Change in Control Severance shall be in lieu of, and not in addition to, any severance payable to the Executive under the terms of any other employment agreement, offer letter, or other agreement with the Company, or any Company severance plan, policy, program, or arrangement. Except as provided in the preceding sentence, this Agreement is not intended to and shall not modify or supersede any such employment agreement, offer letter, or other agreement or arrangement between the Executive and the Company in effect from time to time. This Agreement is not intended to and shall not modify or supersede the provisions of any equity award agreement between the Company and the Executive; the treatment of the Executive's equity awards upon a Change in Control shall be governed by the applicable equity award agreements.

3. ***Term of this Agreement***. This Agreement shall commence on the date hereof and shall continue in effect initially for a period of three (3) years (the "**Initial Term**"). The term of this Agreement shall automatically be extended for additional one (1) year periods (each, a "**Renewal Term**," and together with the Initial Term, the "**Term**") if the Executive has remained continuously employed through the last day of the Initial Term or Renewal Term, unless the Company provides written notice to the Executive at least six (6) months prior to the end of the Initial Term or Renewal Term of the Company's intent not to extend the Term. Additionally, if a Change in Control occurs during the Term while the Executive remains employed with the Company, then this Agreement shall continue in effect for a period of twelve (12) months following the date of the Change in Control, to determine whether an event occurs during such twelve (12) month period that entitles the Executive to the Change in Control Severance.

4. ***Successors; Binding Agreement***.

4.1 *Successors*. In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

4.2 *Binding Agreement*. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, and heirs. If the Executive shall die while any amount would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

5. ***Notices***. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, or via a nationally recognized overnight courier, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon actual receipt:

To the Company:

The Hain Celestial Group, Inc.
1111 Marcus Avenue
Lake Success, New York 11042
Attention: Chief Human Resources Officer

To the Executive:

The Executive's home address most recently on file in the Company's records

6. ***Arbitration***. To the fullest extent permitted by applicable law, any disputes arising out of or related to this Agreement shall be settled solely and exclusively by binding arbitration in Nassau County, New York. Such arbitration shall be conducted before a single impartial arbitrator jointly selected by the Executive and the Company and shall be administered by JAMS pursuant to its employment arbitration rules then in effect (the "***Rules***"). In any arbitration, any and all claims shall be arbitrated only on an individual basis, and not on a class, collective, or multiple-party basis. The Executive and the Company expressly waive any right to arbitrate as a class representative, as a class member, or in a collective action, and there shall be no joinder or consolidation of parties. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided, however, that nothing in this Section 6 shall be construed as (i) precluding the bringing of an action for injunctive relief or other equitable relief in the United States District Court for the Eastern District of New York or any state court located in Nassau County or (ii) compelling arbitration of claims that, by applicable law, cannot be compelled to arbitration, in which event such claims shall be brought exclusively in the United States District Court for the Eastern District of New York or any state court located in Nassau County. The arbitrator will be required to administer the arbitration pursuant to the Rules and issue an award, in writing, within thirty (30) days of the arbitration hearing, which award must contain a summary of the issues in controversy, and a description of the award issued. The arbitrator may not modify or change this Agreement in any way, but may award damages, and/or other relief, only to the extent then permitted under applicable federal, state or local statutes. Any controversy over whether a dispute is an arbitrable dispute or as to the scope, validity, interpretation or enforceability of this Section 6 with respect to such arbitration shall be determined by the arbitrator, and not by a court or any other governmental body. The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive and may be entered in any court of competent jurisdiction. Unless otherwise prohibited or required by law, any arbitration proceeding (including the nature and substance of all claims, defenses, information, materials, discovery, witness testimony, motions, and post-hearing submissions) shall be strictly confidential and such proceeding shall be identified to JAMS as a confidential proceeding. Each party shall pay the fees of its attorneys, the expenses of its witnesses, and any other costs and expenses that the party incurs in connection with the arbitration; provided that an arbitrator may award attorneys' fees to the prevailing party, if the arbitrator determines in its sole discretion that such an award is equitable. All other costs of the arbitration, including the fees of the arbitrator and administrative fees, shall be paid by the Company; provided that the Executive shall be responsible for paying any JAMS initiation/filing fee with respect to any claims initiated by the Executive.

7. ***Section 409A***. This Agreement is intended to comply with or otherwise be exempt from Section 409A and its corresponding regulations, to the extent applicable, and shall be so construed. Notwithstanding anything in this Agreement to the contrary, payments of "nonqualified deferred compensation" subject to Section 409A may only be made under this Agreement upon an event and in a manner permitted by Section 409A, to the extent applicable.

For purposes of Section 409A, all payments of "nonqualified deferred compensation" subject to Section 409A to be made upon the termination of the Executive's employment under this Agreement may only be made upon a "separation from service" under Section 409A. Each payment made under this Agreement, including each installment of Change in Control Severance, shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments. In no event shall the Executive, directly or indirectly, designate the calendar year of payment with respect to any amount that is "nonqualified deferred compensation" subject to Section 409A. Nothing herein shall be construed as having modified the time and form of payment of any amounts or payments of "nonqualified deferred compensation" within the meaning of Section 409A that were otherwise payable pursuant to the terms of any agreement between the Company and the Executive in effect prior to the date of this Agreement.

8. ***Section 280G***. Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments provided or to be provided by the Company to the Executive pursuant to the terms of this Agreement or otherwise (the "***Covered Payments***") constitute parachute payments within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, and, but for this Section 8, would be subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (or any successor provision thereto), or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "***Excise Tax***"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit to the Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "***Reduced Amount***"). "***Net Benefit***" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

a. Any such reduction shall be made in accordance with Section 409A and the following:

(i) the Covered Payments consisting of cash severance benefits that do not constitute nonqualified deferred compensation subject to Section 409A shall be reduced first, in reverse chronological order;

(ii) all other Covered Payments consisting of cash payments, and Covered Payments consisting of accelerated vesting of equity based awards to which Treas. Reg. § 1.280G-1 Q/A-24(c) does not apply, and that in either case do not constitute nonqualified deferred compensation subject to Section 409A, shall be reduced second, in reverse chronological order;

(iii) all Covered Payments consisting of cash payments that constitute nonqualified deferred compensation subject to Section 409A shall be reduced third, in reverse chronological order; and

(iv) all Covered Payments consisting of accelerated vesting of equity-based awards to which Treas. Reg. § 1.280G-1 Q/A-24(c) applies shall be the last Covered Payments to be reduced.

b. Any determination required under this Section 8 shall be made in writing in good faith by an independent accounting firm selected by the Company (the "***Accountants***"). The Company and the Executive shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Section 8. For purposes of making the calculations and determinations required by this Section 8, the Accountants may rely on reasonable, good-faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Internal Revenue Code of 1986, as amended. The Accountants' determinations shall be final and binding on the Company and the Executive. The Company shall be responsible for all fees and expenses incurred by the Accountants in connection with the calculations required by this Section 8.

c. It is possible that after the determinations and selections made pursuant to this Section 8 the Executive will receive Covered Payments that are in the aggregate more than the amount intended or required to be provided after application of this Section 8 ("***Overpayment***") or less than the amount intended or required to be provided after application of this Section 8 ("***Underpayment***").

(i) In the event that: (A) the Accountants determine, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive that the Accountants believe has a high probability of success, that an Overpayment has been made or (B) it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved that an Overpayment has been made, then the Executive shall pay any such Overpayment to the Company together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended) from the date of the Executive's receipt of the Overpayment until the date of repayment.

(ii) In the event that: (A) the Accountants, based upon controlling precedent or substantial authority, determine that an Underpayment has occurred or (B) a court of competent jurisdiction determines that an Underpayment has occurred, any such Underpayment will be paid promptly by the Company to or for the benefit of the Executive together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended) from the date the amount should have otherwise been paid to the Executive until the payment date.

9. ***Miscellaneous***. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, approved by the Compensation Committee of the Board, and signed by the Executive and an authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise,

express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement, and this Agreement supersedes any prior agreements between the Company and the Executive relating to the subject matter hereof. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law and any additional withholding to which the Executive has agreed. The rights and obligations of the Company and the Executive under this Agreement shall survive the expiration of the Term.

10. ***Validity***. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

11. ***Counterparts***. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

12. ***Governing Law***. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflicts of law provisions thereof.

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

THE HAIN CELESTIAL GROUP, INC.

By: ____________________________
Name:
Title:

____
[Executive Name]

THE HAIN CELESTIAL GROUP, INC.

AMENDED AND RESTATED 2002 LONG TERM INCENTIVE AND STOCK AWARD PLAN

(As amended and restated effective June 17, 2019)

1. *Purposes.*

The purposes of the Amended and Restated 2002 Long Term Incentive and Stock Award Plan are to advance the interests of The Hain Celestial Group, Inc. and its stockholders by providing a means to attract, retain, and motivate employees, consultants and directors of the Company upon whose judgment, initiative and efforts the continued success, growth and development of the Company is dependent.

2. *Definitions.*

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Affiliate" means any entity other than the Company and its Subsidiaries that is designated by the Board or the Committee as a participating employer under the Plan; provided, however, that the Company directly or indirectly owns at least 50% of the combined voting power of all classes of stock of such entity or at least 50% of the ownership interests in such entity.

(b) "Award" means any Option, SAR, Restricted Share, RSU, Performance Share, Performance Unit, Dividend Equivalent, or Other Share-Based Award granted to an Eligible Person under the Plan.

(c) "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award.

(d) "Beneficiary" means the person, persons, trust or trusts which have been designated by an Eligible Person in his or her most recent written beneficiary designation filed with the Company to receive the benefits specified under this Plan upon the death of the Eligible Person, or, if there is no designated Beneficiary or surviving designated Beneficiary, then the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(e) "Board" means the Board of Directors of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended from time to time. References to any provision of the Code shall be deemed to include successor provisions thereto and regulations thereunder.

(g) "Committee" means the Compensation Committee of the Board, or such other Board committee (which may include the entire Board) as may be designated by the Board to administer the Plan; provided, however, that, unless otherwise determined by the Board, the Committee shall consist of two or more directors of the Company, each of whom is a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, to the extent applicable, and each of whom is an "outside director" within the meaning of Section 162(m) of the Code, to the extent applicable; provided, further, that the mere fact that the Committee shall fail to qualify under either of the foregoing requirements shall not invalidate any Award made by the Committee which Award is otherwise validly made under the Plan.

(h) "Company" means The Hain Celestial Group, Inc., a corporation organized under the laws of Delaware, or any successor corporation.

(i) "Director" means a member of the Board who is not an employee of the Company, a Subsidiary or an Affiliate.

(j) "Dividend Equivalent" means a right, granted under Section 5(g), to receive cash, Shares, or other property equal in value to dividends paid with respect to a specified number of Shares. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award, and may be paid currently or on a deferred basis.

(k) “Eligible Person” means (i) an employee of the Company, a Subsidiary or an Affiliate, including any director who is an employee, (ii) a consultant to the Company or (iii) a Director.

(1) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time. References to any provision of the Exchange Act shall be deemed to include successor provisions thereto and regulations thereunder.

(m) “Fair Market Value” means, with respect to Shares or other property, the fair market value of such Shares or other property determined by such methods or procedures as shall be established from time to time by the Committee. If the Shares are listed on any established stock exchange or a national market system, the Fair Market Value of Shares shall mean the closing price on the date of the grant (or, if the Shares were not traded on that day, the next preceding day that the Shares are traded) on the principal exchange or market system on which the Shares are traded, as such prices are officially quoted on such exchange.

(n) [Intentionally omitted]

(o) “ISO” means any Option intended to be and designated as an incentive stock option within the meaning of Section 422 of the Code.

(p) [Intentionally omitted]

(q) “NQSO” means any Option that is not an ISO.

(r) “Option” means a right, granted under Section 5(b), to purchase Shares.

(s) “Other Share-Based Award” means a right, granted under Section 5(h), that relates to or is valued by reference to Shares.

(t) “Participant” means an Eligible Person who has been granted an Award under the Plan.

(u) “Performance Share” means a performance share granted under Section 5(f).

(v) “Performance Unit” means a performance unit granted under Section 5(f).

(w) “Plan” means this Amended and Restated 2002 Long Term Incentive and Stock Award Plan.

(x) “Restricted Shares” means an Award of Shares under Section 5(d) that may be subject to certain restrictions and to a risk of forfeiture.

(y) “Restricted Share Unit” or “RSU” means a right, granted under Section 5(e), to receive Shares or cash at the end of a specified deferral period.

(z) “Rule 16b-3” means Rule 16b-3, as from time to time in effect and applicable to the Plan and Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(aa) “SAR” or “Share Appreciation Right” means the right, granted under Section 5(c), to be paid an amount measured by the difference between the exercise price of the right and the Fair Market Value of Shares on the date of exercise of the right, with payment to be made in cash, Shares, or property as specified in the Award or determined by the Committee.

(bb) “Shares” means common stock, $.01 par value per share, of the Company.

(cc) “Subsidiary” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns shares possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

3. *Administration.*

(a) *Granting Authority.* The Committee shall have the authority to make grants of Awards under the Plan and shall have full and final authority to take the following actions with respect to the Awards granted by it, in each case subject to and consistent with the provisions of the Plan:

(i) to select Eligible Persons to whom Awards may be granted;

(ii) to designate Affiliates;

(iii) to determine the type or types of Awards to be granted to each Eligible Person;

(iv) to determine the type and number of Awards to be granted, the number of Shares to which an Award may relate, the terms and conditions of any Award granted under the Plan (including, but not limited to, any exercise price, grant price, or purchase price, any restriction or condition, any schedule for lapse of restrictions or conditions relating to transferability or forfeiture, exercisability, or settlement of an Award, and waiver or accelerations thereof, and waivers of performance conditions relating to an Award, based in each case on such considerations as the Committee shall determine), and all other matters to be determined in connection with an Award;

(v) to determine whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, exchanged, or surrendered;

(vi) to determine whether, to what extent, and under what circumstances cash, Shares, other Awards, or other property payable with respect to an Award will be deferred either automatically, at the election of the Committee, or at the election of the Eligible Person;

(vii) to prescribe the form of each Award Agreement, which need not be identical for each Eligible Person;

(viii) to correct any defect or supply any omission or reconcile any inconsistency in the Plan and to construe and interpret the Plan and any Award, rules and regulations, Award Agreement, or other instrument hereunder;

(ix) to accelerate the exercisability or vesting of all or any portion of any Award or to extend the period during which an Award is exercisable;

(x) to determine whether uncertificated Shares may be used in satisfying Awards and otherwise in connection with the Plan; and

(xi) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Awards granted by it.

The Committee shall have general authority and responsibility for the administration of the Plan, including the authority to adopt, amend, suspend, waive, and rescind such rules and regulations and appoint such agents as the Committee may deem necessary or advisable to administer the Plan.

(b*) Manner of Exercise of Authority and Delegation Thereof*. The Committee shall have sole discretion in exercising its authority under the Plan. Any action of the Committee with respect to grants made by it shall be final, conclusive, and binding on all persons, including the Company, Subsidiaries, Affiliates, Eligible Persons, any person claiming any rights under the Plan from or through any Eligible Person, and stockholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to other members of the Board or officers or managers of the Company or any Subsidiary or Affiliate, individually or as a group, the authority, subject to such terms as the Committee shall determine, to perform administrative functions and, with

respect to Awards granted to persons not subject to Section 16 of the Exchange Act, to perform such other functions as the Committee may determine, to the extent permitted under Rule 16b-3 (if applicable) and applicable law.

(c) *Limitation of Liability*. Each member of the Committee shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company or any Subsidiary or Affiliate, the Company's independent certified public accountants, or other professional retained by the Company to assist in the administration of the Plan. No member of the Committee , and no officer or employee of the Company acting on behalf of the Committee shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination, or interpretation.

(d) *Limitation on Committee's Discretion*. Anything in this Plan to the contrary notwithstanding, in the case of any Award which is intended to qualify as "performance-based compensation" within the meaning of Section 162(m) (4)(C) of the Code, unless otherwise provided in an Award Agreement, there shall not be an increase in the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as such performance-based compensation.

4. *Shares Subject to the Plan.*

(a) Subject to adjustment as provided in Section 4(d) hereof, the total number of Shares reserved for issuance in connection with Awards under the Plan shall be 31,500,000. Each Share subject to an Award (other than an Option or SAR) shall count as 2.07 Shares for the purposes of the limit set forth in the preceding sentence. No Award may be granted if the number of Shares to which such Award relates, when added to the number of Shares previously issued under the Plan, exceeds the number of Shares reserved under the preceding sentence. If any Awards are forfeited, canceled, terminated, exchanged or surrendered or such Award is settled in cash or otherwise terminates without a distribution of Shares to the Participant, any Shares counted against the number of Shares reserved and available under the Plan with respect to such Award shall, to the extent of any such forfeiture, settlement, termination, cancellation, exchange or surrender, again be available for Awards under the Plan. Upon the exercise of any Award granted in tandem with any other Awards, such related Awards shall be canceled to the extent of the number of Shares as to which the Award is exercised.

(b) Notwithstanding anything to the contrary: (i) shares tendered or withheld in payment of the exercise price of an Option shall not be added to the maximum share limitations described in Section 4(a) above; (ii) shares tendered or withheld to satisfy the tax withholding obligation shall not be added to the maximum share limitations described in Section 4(a) above; (iii) shares repurchased on the open market with the proceeds of the exercise price of an Option shall not be added to the maximum share limitations described in Section 4(a) above; and (iv) all shares covered by a SAR, to the extent that it is exercised and whether or not the Shares are actually issued to the Participant upon exercise of the right, shall be considered issued or transferred pursuant to the Plan.

(c) Subject to adjustment as provided in Section 4(d) hereof and notwithstanding anything to the contrary contained herein, the maximum number of Shares (i) with respect to which Options or SARs may be granted during a calendar year to any Eligible Person under this Plan shall be 2,000,000 Shares, and (ii) with respect to Performance Shares, Performance Units, Restricted Shares or RSUs intended to qualify as performance-based compensation within the meaning of Section 162(m)(4)(C) of the Code shall be the equivalent of 1,600,000 Shares during a calendar year to any Eligible Person under this Plan. Notwithstanding the foregoing, no more than 25,000 Shares may be subject to awards granted to a Director in any fiscal year.

(d) In the event that the Committee shall determine that any dividend in Shares, recapitalization, Share split, reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, or share exchange, or other similar corporate transaction or event, affects the Shares such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Eligible Persons under the Plan, then the Committee shall make such equitable changes or adjustments as it deems appropriate and, in such manner as it may deem equitable, adjust any or all of (i) the number and kind of shares which may thereafter be issued under the Plan, (ii) the number and kind of shares, other securities or other consideration issued or issuable in respect of outstanding

Awards, and (iii) the exercise price, grant price, or purchase price relating to any Award; provided, however, in each case that, with respect to ISOs, such adjustment shall be made in accordance with Section 424(a) of the Code, unless the Committee determines otherwise. All Share figures in this Section 4 reflect equitable adjustments made through June 17, 2019, the most recent amendment and restatement date of the Plan, including adjustments made as a result of a two-for-one stock split effected on December 29, 2014 in the form of a stock dividend. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria and performance objectives, if any, included in, Awards in recognition of unusual or non-recurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Subsidiary or Affiliate or the financial statements of the Company or any Subsidiary or Affiliate, or in response to changes in applicable laws, regulations, or accounting principles; provided, however, that, unless otherwise provided in an Award Agreement, there shall be no increase in the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as performance-based compensation for purposes of Section 162(m)(4)(C) of the Code and the regulations thereunder.

(e) Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or treasury Shares including Shares acquired by purchase in the open market or in private transactions.

5. *Specific Terms of Awards.*

(a) *General*. Awards may be granted on the terms and conditions set forth in this Section 5. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 7(d)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms regarding forfeiture of Awards or continued exercisability of Awards in the event of termination of service by the Eligible Person.

(b) *Options*. The Committee is authorized to grant Options, which may be NQSOs or ISOs, to Eligible Persons on the following terms and conditions:

(i) *Exercise Price*. The exercise price per Share purchasable under an Option shall not be less than the Fair Market Value of the Shares on the date such Option is granted.

(ii*) Option Term*. The term of each Option shall be a maximum of seven (7) years from the date of grant of the Option.

(iii) *Time and Method of Exercise*. The Committee shall determine at the date of grant or thereafter the time or times at which an Option may be exercised in whole or in part (including, without limitation, upon achievement of performance criteria if deemed appropriate by the Committee), the methods by which such exercise price may be paid or deemed to be paid (including, without limitation, broker-assisted exercise arrangements), the form of such payment (including, without limitation, cash, Shares, or other property), and the methods by which Shares will be delivered or deemed to be delivered to Eligible Persons.

(iv) *ISOs*. The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, including but not limited to the requirement that the ISO shall be granted within ten years from the earlier of the date of adoption or stockholder approval of the Plan. ISOs may only be granted to employees of the Company or a Subsidiary.

(c) *SARs*. The Committee is authorized to grant SARs (Share Appreciation Rights) to Eligible Persons on the following terms and conditions:

(i) *Right to Payment*. A SAR shall confer on the Eligible Person to whom it is granted a right to receive with respect to each Share subject thereto, upon exercise thereof, the excess of (1) the Fair Market Value of one Share on the date of exercise (or, if the Committee shall so determine in the case of any such right, the Fair Market Value of one Share at any time during a specified period before or after the date of exercise) over (2) the exercise price per Share of the SAR on the date of grant of the SAR, which shall not be less than Fair Market Value (which in the case of a SAR granted in tandem with an Option, shall be equal to the exercise price of the underlying Option).

(ii) *SAR Term.* The term of each SAR shall be a maximum of seven (7) years from the date of grant of the SAR.

(iii) *Other Terms*. The Committee shall determine, at the time of grant or thereafter, the time or times at which a SAR may be exercised in whole or in part, the method of exercise, method of settlement, form of consideration payable in settlement, method by which Shares will be delivered or deemed to be delivered to Eligible Persons, whether or not a SAR shall be in tandem with any other Award, and any other terms and conditions of any SAR. Unless the Committee determines otherwise, a SAR (1) granted in tandem with an NQSO may be granted at the time of grant of the related NQSO or at any time thereafter and (2) granted in tandem with an ISO may only be granted at the time of grant of the related ISO.

(d) *Restricted Shares*. The Committee is authorized to grant Restricted Shares to Eligible Persons on the following terms and conditions:

(i) *Issuance and Restrictions*. Restricted Shares shall be subject to such restrictions on transferability and other restrictions, if any, as the Committee may impose at the date of grant or thereafter, which restrictions may lapse separately or in combination at such times, under such circumstances (including, without limitation, upon achievement of performance criteria if deemed appropriate by the Committee), in such installments, or otherwise, as the Committee may determine. Except to the extent restricted under the Award Agreement relating to the Restricted Shares, an Eligible Person granted Restricted Shares shall have all of the rights of a stockholder including, without limitation, the right to vote Restricted Shares and the right to receive dividends thereon. If the lapse of restrictions is conditioned on the achievement of performance criteria, the Committee shall select the criterion or criteria from the list of criteria set forth in Section 5(f)(i). The Committee must certify in writing prior to the lapse of restrictions conditioned on achievement of performance criteria that such performance criteria were in fact satisfied.

(ii) *Forfeiture*. Except as otherwise determined by the Committee, at the date of grant or thereafter, upon termination of service during the applicable restriction period, Restricted Shares and any accrued but unpaid dividends or Dividend Equivalents that are at that time subject to restrictions shall be forfeited; provided, however, that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Restricted Shares.

(iii) *Certificates for Shares*. Restricted Shares granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Eligible Person, such certificates shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company shall retain physical possession of the certificate.

(iv) *Dividends*. Dividends paid on Restricted Shares shall be either paid at the dividend payment date, or deferred for payment to such date as determined by the Committee, in cash or in unrestricted Shares having a Fair Market Value equal to the amount of such dividends. Shares distributed in connection with a Share split or dividend in Shares, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Shares with respect to which such Shares or other property has been distributed.

(e) *RSUs*. The Committee is authorized to grant RSUs to Eligible Persons, subject to the following terms and conditions:

(i) *Award and Restrictions*. Delivery of Shares or cash, as the case may be, will occur upon expiration of the deferral period specified for RSUs by the Committee (or, if permitted by the Committee, as elected by the Eligible Person). In addition, RSUs shall be subject to such restrictions as the Committee may impose, if any (including, without limitation, the achievement of performance criteria if deemed appropriate by the Committee), at the date of grant or thereafter, which restrictions may lapse at the expiration of the deferral

period or at earlier or later specified times, separately or in combination, in installments or otherwise, as the Committee may determine. If the lapse of restrictions is conditioned on the achievement of performance criteria, the Committee shall select the criterion or criteria from the list of criteria set forth in Section 5(f)(i). The Committee must certify in writing prior to the lapse of restrictions conditioned on the achievement of performance criteria that such performance criteria were in fact satisfied.

(ii) *Forfeiture*. Except as otherwise determined by the Committee at date of grant or thereafter, upon termination of service (as determined under criteria established by the Committee) during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award Agreement evidencing the RSUs), or upon failure to satisfy any other conditions precedent to the delivery of Shares or cash to which such RSUs relate, all RSUs that are at that time subject to deferral or restriction shall be forfeited; provided, however, that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to RSUs will be waived in whole or in part in the event of termination resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of RSUs.

(f) *Performance Shares and Performance Units*. The Committee is authorized to grant Performance Shares or Performance Units or both to Eligible Persons on the following terms and conditions:

(i) *Performance Period*. The Committee shall determine a performance period (the "Performance Period") of one or more years and shall determine the performance objectives for grants of Performance Shares and Performance Units. Performance objectives may vary from Eligible Person to Eligible Person and shall be based upon one or more of the following performance criteria as the Committee may deem appropriate: share price; earnings per share; return to shareholders (including dividends); return on equity; revenues; sales; sales by category, brand, territory or geography; unit growth; customer growth (including new customers and increased sales to existing customers); EBITDA or EBIT; operating income or operating profit; net income; gross margin; operating margin; return on capital or return on invested capital; economic value added; economic profit; cash flows; cash flow from operations; market share; inventory levels; inventory days outstanding; consumption; size of line in total or by category or type; consumer and strategic investments; advertising, brand and product innovation; research and development; costs; managing commodity costs; capital expenditures; working capital; net fixed assets; accounts receivable; days sales outstanding; period overhead; expenses; productivity; market capitalization; customer satisfaction; pro forma net income; return on designated assets; expenses; free cash flow; cash flow return on investment; net profit margin; cash conversion cycle; and service levels. The performance objectives may be determined by reference to the performance of the Company, or of a Subsidiary or Affiliate, or of a division or unit of any of the foregoing. Performance Periods may overlap and Eligible Persons may participate simultaneously with respect to Performance Shares and Performance Units for which different Performance Periods are prescribed.

(ii) *Award Value*. At the beginning of a Performance Period, the Committee shall determine for each Eligible Person or group of Eligible Persons with respect to that Performance Period the range of number of Shares, if any, in the case of Performance Shares, and the range of dollar values, if any, in the case of Performance Units, which may be fixed or may vary in accordance with such performance or other criteria specified by the Committee, which shall be paid to an Eligible Person as an Award if the relevant measure of Company performance for the Performance Period is met. The Committee must certify in writing that the applicable performance criteria were satisfied prior to payment under any Performance Shares or Performance Units.

(iii) *Significant Events*. If during the course of a Performance Period there shall occur significant events as determined by the Committee which the Committee expects to have a substantial effect on a performance objective during such period, the Committee may revise such objective; provided, however, unless otherwise provided in an Award Agreement, there shall not be an increase in the amount of compensation payable under the Award to the extent such an increase would cause the Award to lose its qualification as performance-based compensation for purposes of Section 162(m)(4)(C) of the Code and the regulations thereunder.

(iv) *Forfeiture*. Except as otherwise determined by the Committee, at the date of grant or thereafter, upon termination of service during the applicable Performance Period, Performance Shares and Performance Units for which the Performance Period was prescribed shall be forfeited; provided, however, that the Committee may provide, by rule or regulation or in any Award Agreement, or may determine in an individual case, that restrictions or forfeiture conditions relating to Performance Shares and Performance Units will be waived in whole or in part in the event of terminations resulting from specified causes, and the Committee may in other cases waive in whole or in part the forfeiture of Performance Shares and Performance Units.

(v) *Payment*. Each Performance Share or Performance Unit may be paid in whole Shares, or cash, or a combination of Shares and cash either as a lump sum payment or in installments, all as the Committee shall determine, at the time of grant of the Performance Share or Performance Unit or otherwise, commencing as soon as practicable after the end of the relevant Performance Period. The Committee must certify in writing prior to the payment of any Performance Share or Performance Unit that the performance objectives and any other material terms were in fact satisfied.

(g) *Dividend Equivalents*. The Committee is authorized to grant Dividend Equivalents to Eligible Persons, except that no Dividend Equivalent right may be granted in connection with, or related to, an Option or SAR. The Committee may provide, at the date of grant or thereafter, that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Shares, or other investment vehicles as the Committee may specify; provided, however, that Dividend Equivalents (other than freestanding Dividend Equivalents) shall be subject to all conditions and restrictions of the underlying Awards to which they relate.

(h) *Other Share-Based Awards*. The Committee is authorized, subject to limitations under applicable law, to grant to Eligible Persons such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, as deemed by the Committee to be consistent with the purposes of the Plan, including, without limitation, unrestricted shares awarded purely as a “bonus” and not subject to any restrictions or conditions, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the performance of specified Subsidiaries or Affiliates. The Committee shall determine the terms and conditions of such Awards at date of grant or thereafter. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 5(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, notes or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, shall also be authorized pursuant to this Section 5(h).

6. *Certain Provisions Applicable to Awards.*

(a) *Stand-Alone, Additional, and Tandem*. Awards granted under the Plan may, in the discretion of the Committee, be granted to Eligible Persons either alone or in addition to, in tandem with, any other Award granted under the Plan or any award granted under any other plan or agreement of the Company, any Subsidiary or Affiliate.

(b) *Substitute Awards in Transactions*. Nothing contained in the Plan shall be construed to limit the right of the Committee to grant Awards under the Plan in connection with the acquisition, whether by purchase, merger, consolidation or other transaction, of the business or assets of any corporation or other entity. Without limiting the foregoing, the Committee may grant Awards under the Plan to an employee or director of another corporation or other entity who becomes an Eligible Person by reason of any such transaction in substitution for awards previously granted by such corporation or entity to such employee or director. The terms and conditions of the substitute Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose.

(c) *Term of Awards*. The term of each Award granted to an Eligible Person shall be for such period as may be determined by the Committee; provided, however, that in no event shall the term of any Option or a SAR

exceed a period of seven years from the date of its grant (or such shorter period as may be applicable under Section 422 of the Code).

(d) *Repricing Prohibited*. Subject to the anti-dilution adjustment provisions contained in Section 4(d) hereof, without the prior approval of the Company's stockholders, neither the Committee nor the Board shall cause the amendment of an Option or SAR that would have the effect of reducing the exercise price of an Option or SAR previously granted under the Plan, the cancellation or exchange of an Option or SAR for cash, other awards, or an Option or SAR with an exercise price that is less than the exercise price of the original Option or SAR or otherwise approve any modification to an Option or SAR that would be treated as a "repricing" of such Option or SAR under any then applicable rules, regulations or listing requirements.

(e) *Form of Payment Under Awards*. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or a Subsidiary or Affiliate upon the grant, maturation, or exercise of an Award may be made in such forms as the Committee shall determine at the date of grant or thereafter, including, without limitation, cash, Shares, notes or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The Committee may make rules relating to installment or deferred payments with respect to Awards, including the rate of interest to be credited with respect to such payments, subject to applicable law.

(f) *Nontransferability*. Awards shall not be transferable by an Eligible Person except (i) by will or the laws of descent and distribution (except pursuant to a Beneficiary designation) or (ii) with respect to NQSOs, by gift to a family member of the Participant to the extent permitted in the applicable Award Agreement and shall be exercisable during the lifetime of an Eligible Person only by such Eligible Person or his guardian or legal representative unless it has been transferred by gift to a family member of the Participant, in which case it shall be exercisable only by such transferee. For the purpose of this provision, a "family member" shall have the meaning set forth in the General Instructions to Form S-8 Registration Statement under the Securities Act of 1933, as amended. An Eligible Person's rights under the Plan may not be pledged, mortgaged, hypothecated, or otherwise encumbered, and shall not be subject to claims of the Eligible Person's creditors.

(g) *Repayment.* If the Company is required to prepare an accounting restatement to correct an accounting error included in a report on Form 10-Q or 10-K caused by the misconduct of a Participant, the Participant shall return to the Company, or forfeit if not paid, any Award arising out of the misconduct for or during such restated period.

(h) *Noncompetition*. The Committee may, by way of the Award Agreements or otherwise, establish such other terms, conditions, restrictions and/or limitations, if any, of any Award, provided they are not inconsistent with the Plan, including, without limitation, the requirement that the Participant not engage in competition with the Company.

7. *General Provisions.*

(a) *Compliance with Legal and Trading Requirements*. The Plan, the granting and exercising of Awards thereunder, and the other obligations of the Company under the Plan and any Award Agreement, shall be subject to all applicable federal, state and foreign laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required. The Company, in its discretion, may postpone the issuance or delivery of Shares under any Award until completion of such stock exchange or market system listing or registration or qualification of such Shares or other required action under any state or federal law, rule or regulation as the Company may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations. No provisions of the Plan shall be interpreted or construed to obligate the Company to register any Shares under federal, state or foreign law. The Shares issued under the Plan may be subject to such other restrictions on transfer as determined by the Committee.

(b) *No Right to Continued Employment or Service*. Neither the Plan nor any action taken thereunder shall be construed as giving any employee, consultant, or director the right to be retained in the employ or service of the Company or any of its Subsidiaries or Affiliates, nor shall it interfere in any way with the right of the Company

or any of its Subsidiaries or Affiliates to terminate any employee's, consultant's or director's employment or service at any time.

(c) *Taxes*. The Company or any Subsidiary or Affiliate is authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Shares, or any payroll or other payment to an Eligible Person, amounts of withholding and other taxes due in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Eligible Persons to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Shares or other property and to make cash payments in respect thereof in satisfaction of an Eligible Person's tax obligations; provided, however, that the amount of tax withholding to be satisfied by withholding Shares shall be limited to the minimum amount of taxes, including employment taxes, required to be withheld under applicable Federal, state and local law.

(d) *Amendment*. The Board may at any time and from time to time and in any respect, amend or modify the Plan and any Award granted under the Plan. The Board may seek the approval of any amendment or modification by the Company's stockholders to the extent it deems necessary or advisable in its discretion for purposes of compliance with Section 162(m) or Section 422 of the Code, the listing requirements of the applicable exchange or securities market or for any other purpose. Except as may be required to comply with Section 409A of the Code, no amendment or modification of the Plan or any Award shall adversely affect any Award theretofore granted without the consent of the Eligible Person or the permitted transferee of the Award.

(e) *No Rights to Awards; No Stockholder Rights*. No Eligible Person or employee shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons and employees. No Award shall confer on any Eligible Person any of the rights of a stockholder of the Company unless and until Shares are duly issued or transferred to the Eligible Person in accordance with the terms of the Award.

(f) *Unfunded Status of Awards*. The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Company's obligations under the Plan to deliver cash, Shares, other Awards, or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.

(g) *Nonexclusivity of the Plan*. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of options and other awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(h) *Not Compensation for Benefit Plans*. No Award payable under this Plan shall be deemed salary or compensation for the purpose of computing benefits under any benefit plan or other arrangement of the Company for the benefit of its employees, consultants or directors unless the Company shall determine otherwise.

(i) *No Fractional Shares*. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards, or other property shall be issued or paid in lieu of such fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) *Governing Law*. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan, and any Award Agreement shall be determined in accordance with the laws of New York without giving effect to principles of conflict of laws thereof.

(k) *Effective Date; Plan Termination*. The Plan originally became effective on November 12, 2002, and was most recently amended and restated as of November 20, 2014 (the "<u>Effective Date</u>"). Notwithstanding the

foregoing, the adoption of this Plan is expressly conditioned upon the approval of the stockholders of the Company. The Plan shall terminate as to future awards on the date which is ten (10) years after the Effective Date.

(l) *Titles and Headings*. The titles and headings of the sections in the Plan are for convenience of reference only. In the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(m) *Section 409A*. It is intended that the Plan and Awards issued thereunder will comply with Section 409A of the Code (and any regulations and guidelines issued thereunder) to the extent the Awards are subject thereto, and the Plan and such Awards shall be interpreted on a basis consistent with such intent. The Plan and any Award Agreements issued thereunder may be amended in any respect deemed by the Board or the Committee to be necessary in order to preserve compliance with Section 409A of the Code.

Exhibit 21.1

Subsidiaries of the Registrant

Subsidiary	Jurisdiction of Organization
Acirca, Inc.	Delaware
AMI Operating, Inc.	Texas
Arrowhead Mills, Inc.	Delaware
Avalon Holding Corporation	Delaware
Avalon Natural Products, Inc.	California
Celestial Seasonings, Inc.	Delaware
Charter Baking Company, Inc.	Delaware
Clark's UK Limited	United Kingdom
Cresset Limited	Ireland
Cully & Sully Limited	Ireland
Daily Bread Ltd.	United Kingdom
Dana Alexander, Inc.	New York
Daniels Chilled Foods Limited	United Kingdom
Daniels Group Limited	United Kingdom
Danival SAS	France
De Boles Nutritional Foods, Inc.	New York
Ella's Kitchen (Brands) Limited	United Kingdom
Ella's Kitchen Group Limited	United Kingdom
Ella's Kitchen Inc.	Delaware
Ella's Kitchen (International) Limited	United Kingdom
Ella's Kitchen (IP) Limited	United Kingdom
Empire Kosher Restaurant Franchise Systems, Inc.	New York
ENV Lebensmittel GmbH	Germany
Epicurean Farms, LLC	Delaware
Farmhouse Fare Limited	United Kingdom
Formatio Beratungs- und Beteiligungs GmbH	Austria
Fountain of Truth, LLC	Delaware
GG UniqueFiber AS	Norway
General Therapeutics, Inc.	Delaware
Hain BluePrint, Inc.	Delaware
Hain-Celestial Canada, ULC	Nova Scotia
Hain Celestial Europe B.V.	Netherlands
Hain Celestial C&S Limited	United Kingdom
Hain Celestial Ireland Limited	Ireland
Hain Celestial Jersey Limited	Jersey
Hain Celestial UK Limited	United Kingdom
Hain Europe NV	Belgium
Hain Frozen Foods UK Limited	United Kingdom
Hain Gourmet, Inc.	Delaware
Hain Pure Food Co., Inc.	California
Hain Refrigerated Foods Inc.	Delaware
Hain Yves, Inc.	Delaware
HC Holding BVBA	Belgium
Health Valley Company	Delaware
Histon Sweet Spreads Limited	United Kingdom
HPPC I, LLC	Delaware

HPPC II, LLC	Delaware
HPPC Transportation, LLC	Delaware
I Am Fresh Limited	United Kingdom
Jason Natural Products, Inc.	California
Johnson’s Fresh Products Limited	United Kingdom
Johnson’s Freshly Squeezed Juice Limited	United Kingdom
Lima Natuurvoedingsbedrijf - Lima Manufacture D'Aliments Naturales	Belgium
Little Bear Organic Foods, Inc.	California
Mona Naturprodukte GmbH	Austria
Mona Oberwart Produktions GmbH	Austria
Mona Sojaland GmbH	Germany
Natumi GmbH	Germany
Natural Nutrition Group, Inc.	Delaware
New Oxford Foods, LLC	Delaware
nSpired Natural Foods, Inc	Delaware
Orchard House Foods Limited	United Kingdom
Plainville Farms, LLC	Delaware
Queen Personal Care, Inc.	Delaware
Rudi’s Organic Bakery, Inc.	Delaware
S Daniels Limited	United Kingdom
Sonmundo, Inc.d/b/a The Better Bean Company	Oregon
Spectrum Organic Products, LLC	California
Sun-Ripe Limited	United Kingdom
Swissco Manufacturing Limited	Ireland
TenderCare International, Inc.	Colorado
Terra Chips, B.V.	Netherlands
The Hain Daniels Group Limited	United Kingdom
The New Covent Garden Food Company Limited	United Kingdom
The New Covent Garden Soup Company Limited	United Kingdom
Tilda Marketing Inc.	Delaware
Westbrae Natural Foods, Inc.	California
Westbrae Natural, Inc.	Delaware
The Yorkshire Provender Ltd.	United Kingdom
Yves Fine Foods Inc.	Nevada
Zia Cosmetics, Inc.	California

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of The Hain Celestial Group, Inc. and Subsidiaries:

1. Registration Statement Number 333-229739 on Form S-8
2. Registration Statement Number 333-228215 on Form S-8
3. Registration Statement Number 333-204460 on Form S-8
4. Registration Statement Number 333-196043 on Form S-8
5. Registration Statement Number 333-188542 on Form S-8
6. Registration Statement Number 333-180189 on Form S-8
7. Registration Statement Number 333-172734 on Form S-8
8. Registration Statement Number 333-166773 on Form S-8
9. Registration Statement Number 333-158357 on Form S-8
10. Registration Statement Number 333-140180 on Form S-8
11. Registration Statement Number 333-111881 on Form S-8
12. Registration Statement Number 333-102017 on Form S-8
13. Post-Effective Amendment No. 1 on Form S-8 to Registration Statement Number 333-33830 on Form S-4

of our reports dated August 29, 2019, with respect to the consolidated financial statements and schedule of The Hain Celestial Group, Inc. and Subsidiaries and the effectiveness of internal control over financial reporting of The Hain Celestial Group, Inc. and Subsidiaries included in this Annual Report (Form 10-K) for the fiscal year ended June 30, 2019.

/s/ ERNST & YOUNG LLP

Jericho, New York
August 29, 2019

EXHIBIT 31.1

CERTIFICATION

I, Mark L. Schiller, certify that:

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth 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.

Dated: August 29, 2019

/s/ Mark L. Schiller

Mark L. Schiller
President, Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATION

I, James Langrock, certify that:

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

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth 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.

Dated: August 29, 2019

/s/ James Langrock

James Langrock
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

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

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

1. The Annual Report on Form 10-K of the Company for the annual period ended June 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: August 29, 2019

/s/ Mark L. Schiller

Mark L. Schiller
President, Chief Executive Officer and Director

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

EXHIBIT 32.2

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

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

1. The Annual Report on Form 10-K of the Company for the annual period ended June 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: August 29, 2019

/s/ James Langrock

James Langrock
Executive Vice President and Chief Financial Officer

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

Exhibit 99.1

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

On August 27, 2019, the Company and Ebro Foods S.A. (the “Purchaser”) entered into, and consummated the transactions contemplated by, an Agreement relating to the sale and purchase of the Tilda Group Entities and certain other assets (the “Sale and Purchase Agreement”). Under the Sale and Purchase Agreement, the Company sold the entities comprising its Tilda basmati and specialty rice business (the “Tilda Group Entities”) and certain other assets of the Tilda business to the Purchaser for an aggregate price of $342 million in cash, subject to customary post-closing adjustments based on the balance sheets of the Tilda Group Entities (collectively, "Tilda").

The Tilda Group Entities included in the transaction are: (1) Tilda Limited, a company organized under the laws of England and Wales; (2) Tilda Rice Limited, a company organized under the laws of England and Wales; (3) Tilda International DMCC, a company organized under the laws of Dubai, United Arab Emirates; (4) Tilda Hain India Private Limited, a company organized under the laws of India; and (5) Brand Associates Limited, a company organized under the laws of the Isle of Man. The other assets sold in the transaction consist of raw materials, consumables, packaging, and finished and unfinished goods related to the Tilda business held by other Company entities that are not Tilda Group Entities.

The Company used the proceeds from the sale, net of transactions costs, to prepay the entire principal amount of term loans outstanding under our credit facility and to partially pay down its revolving credit facility. The unaudited pro forma consolidated financial statements and accompanying notes reflect the prepayment of outstanding borrowings under our term loan and revolving credit facility that we will make with the net proceeds of the Tilda sale.

The unaudited pro forma consolidated balance sheet at June 30, 2019 is presented as if the sale and related prepayment of long-term debt had occurred on June 30, 2019. The unaudited pro forma consolidated statements of operations for the fiscal year ended June 30, 2019 are presented as if the Tilda sale and related prepayment of debt had occurred on July 1, 2018.

The unaudited pro forma consolidated financial statements are based on our historical financial statements and information derived from our accounting records regarding Tilda for the periods presented. The unaudited pro forma consolidated financial information set forth below reflects pro forma adjustments that are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma consolidated financial statements do not purport to represent our results of operations or financial position that would have resulted had the Tilda sale and related prepayment of debt to which pro forma effect is given been consummated as of the dates indicated. The unaudited pro forma consolidated financial statements set forth below are presented for illustrative purposes only and are not necessarily indicative of the results of operations or financial condition that would have been achieved had the Tilda sale and the related prepayment of debt been completed as of the dates indicated or of the results that may be obtained in the future.

The unaudited pro forma consolidated financial statements and accompanying notes should be read in conjunction with the historical financial statements and the notes thereto for the Company that are included in its Annual Report on Form 10-K for the Year Ended June 30, 2019.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
JUNE 30, 2019
(In thousands, except par values)

	As Reported (1)	Pro Forma Adjustments (2)		Pro Forma
ASSETS				
Current assets:				
Cash and cash equivalents	$ 39,526	$ (8,508)		$ 31,018
Accounts receivable, net	236,945	(26,536)		210,409
Inventories	364,887	(71,075)		293,812
Prepaid expenses and other current assets	60,429	(9,040)		51,389
Total current assets	701,787	(115,159)		586,628
Property, plant and equipment, net	328,362	(40,516)		287,846
Goodwill	1,008,979	(133,098)		875,881
Trademarks and other intangible assets, net	465,211	(84,925)		380,286
Investments and joint ventures	18,890	—		18,890
Other assets	59,391	(22,024)		37,367
Total assets	$ 2,582,620	$ (395,722)		$ 2,186,898
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 238,298	$ (18,220)		$ 220,078
Accrued expenses and other current liabilities	118,940	(3,976)		114,964
Current portion of long-term debt	25,919	(23,687)	(3)	2,232
Total current liabilities	383,157	(45,883)		337,274
Long-term debt, less current portion	613,537	(322,478)	(3)	291,059
Deferred income taxes	51,910	(15,959)	(4)	35,951
Other noncurrent liabilities	14,697	(207)		14,490
Total liabilities	1,063,301	(384,527)		678,774
Commitments and contingencies				
Stockholders' equity:				
Preferred stock - $.01 par value, authorized 5,000 shares; issued and outstanding: none	—	—		—
Common stock - $.01 par value, authorized 150,000 shares; issued: 108,833; outstanding: 104,219	1,088	—		1,088
Additional paid-in capital	1,158,257	—		1,158,257
Retained earnings	695,017	(11,195)	(5)	683,822
Accumulated other comprehensive loss	(225,004)	—		(225,004)
	1,629,358	(11,195)		1,618,163
Less: Treasury stock, at cost, 4,614 shares	(110,039)	—		(110,039)
Total stockholders' equity	1,519,319	(11,195)		1,508,124
Total liabilities and stockholders' equity	$ 2,582,620	$ (395,722)		$ 2,186,898

See accompanying notes to unaudited pro forma consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FISCAL YEAR ENDED JUNE 30, 2019
(In thousands, except per share amounts)

	As Reported (6)	Pro Forma Adjustments (7)		Pro Forma
Net sales	$ 2,302,468	$ (197,863)		$ 2,104,605
Cost of sales	1,857,255	(151,326)		1,705,929
Gross profit	445,213	(46,537)		398,676
Selling, general and administrative expenses	340,949	(26,949)		314,000
Amortization of acquired intangibles	15,294	(2,159)		13,135
Project Terra costs and other	40,107	(53)		40,054
Chief Executive Officer Succession Plan expense, net	30,156	—		30,156
Proceeds from insurance claim	(4,460)	—		(4,460)
Accounting review and remediation costs, net of insurance proceeds	4,334	—		4,334
Long-lived asset and intangibles impairment	33,719	—		33,719
Operating loss	(14,886)	(17,376)		(32,262)
Interest and other financing expense, net	36,078	(14,639)	(8)	21,439
Other expense, net	1,023	—		1,023
Loss from continuing operations before income taxes and equity in net loss of equity-method investees	(51,987)	(2,737)		(54,724)
Benefit for income taxes	(2,697)	(220)	(9)	(2,917)
Equity in net loss of equity-method investees	655	—		655
Net loss from continuing operations	$ (49,945)	$ (2,517)		$ (52,462)
Net loss per common share:				
Basic net loss per common share	$ (0.48)	$ (0.02)		$ (0.50)
Diluted net net loss per common share	$ (0.48)	$ (0.02)		$ (0.50)
Shares used in the calculation of net loss income per common share:				
Basic	104,076			104,076
Diluted	104,076			104,076

See accompanying notes to unaudited pro forma consolidated financial statements.

Notes to Unaudited Pro Forma Consolidated Balance Sheet

(1) Represents our historical Consolidated Balance Sheet as of June 30, 2019.

(2) Unless otherwise noted represents the historical results directly attributable to Tilda.

(3) Reduction in long-term debt, including current portion of long-term debt, includes prepayment of our term loan and a portion of our revolving credit facility with the net proceeds from the sale, as well as the related write off of debt financing costs.

(4) This adjustment represents the estimated income tax effect of the proforma adjustments. The tax effect of the proforma adjustments was calculated using the historical statutory rates in effect for the period presented. Also included in this amount is an $18.6 million adjustment to deferred tax liabilities in connection with the estimated taxable gain on sale of Tilda.

(5) Includes an adjustment to deferred tax liabilities in connection with the estimated capital gain on sale of $18.6 million, estimated book gain based on June 30, 2019 balances of $10.3 million and write off of debt financing costs of $1.0 million, each not included in the Pro Forma Statement of Operations as they are considered to be nonrecurring.

Notes to Unaudited Pro Forma Consolidated Statement of Operations

(6) Represents our historical Consolidated Statement of Operations as of June 30, 2019.

(7) Unless otherwise noted represents the historical results directly attributable to Tilda.

(8) Adjustment to our historical interest expense to reflect our prepayment of our term loan and revolving credit facility, partially offset by an adjustment to eliminate amortization of deferred finance costs written off in connection with the prepayment.

(9) This adjustment represents the estimated income tax effect of the proforma adjustments calculated using the historical statutory rates in effect for the period presented.