

Confirmed, Undisclosed SEC Investigation

Hain Celestial Group: Decidedly Unhealthy for Investors Right Now

If we alert you to the existence of an undisclosed SEC probe, that means we filed a Freedom of Information Act (FOIA) request with the SEC on the company in question and have a response, in black-and-white, on government letterhead that supports our statement. Other interpretative guidance and disclosures appear below.

Analyst Summary: Today marks just under two months since Hain Celestial said it could not timely file its 10-K due to accounting issues. While some hold onto the notion that HAIN's accounting issues will soon enough pass, they won't. We forecast the road ahead for Hain Celestial travelers will be worse than many expect. They may wish to stock up on some calming Chamomile tea.

New data now in hand confirms the SEC is investigating Hain Celestial, which does not surprise us in the least. Just that disclosure from the company alone, if it comes, could rattle investors. But that won't be the end of the bad news we expect looms over the horizon for HAIN.

According to the company, HAIN's problems are related to revenue recognition. When a company of HAIN's size experiences accounting issues of the scale sufficient to delay an otherwise routine SEC filing by two months (and still counting), the underlying cause is usually much worse than investors recognize and/or management lets on. The investigations, internal and external, usually take longer than expected. As previously used accounting conventions or corporate behaviors are reined-in, earnings outlooks start coming under pressure. Revenue recognition is also the number one cause of restatement. We say you should expect all of the above.

To us, the disclosures suggest channel stuffing. That inventory has to be worked off, often with discounting. For those hitching their hope to the company's claim that total revenue will not be impacted, even if timing of "certain transactions" is, we point out HAIN doesn't sell truck parts with a long shelf life. They sell commodity food items, many with relatively short shelf lives. If no one buys the 'fresh', 'organic' or whatever food item before it rots, all you're left with is a disposal expense.

Facts of Interest or Concern: On 15-Aug-2016, Hain Celestial Group announced it would fall short of earnings expectations and delay the release of its FQ-4 2016 and FY-2016 earnings due to revenue recognition accounting and internal controls problems. On the news the shares fell by about \$14 per share, or 26%.

In a letter dated 26-Aug-2016, the SEC gave us a response to suggest the absence of recent SEC investigative activity at Hain Celestial. We believed HAIN's announced accounting problems were essentially cat-nip for SEC Enforcement officials. As such, we filed an appeal to challenge the adequacy of the search that led to this 'nothing found' response.

In response to our appeal, in a letter dated 16-Sep-2016, the SEC acknowledged the search that led to their response of 26-Aug-2016 was not complete. Further, the SEC then confirmed The Hain Celestial Group's involvement in on-going enforcement proceedings. These proceedings remain undisclosed.

From the HAIN 8-K filed 15-Aug-2016 –

The Hain Celestial Group, Inc. Announces Delay in the Release of its Fourth Quarter and Fiscal Year 2016 Financial Results

Lake Success, NY, August 15, 2016 - The Hain Celestial Group, Inc. (NASDAQ: HAIN), a leading organic and natural products company with operations in North America, Europe and India providing consumers with A Healthier Way of Life™, announced today that it will delay the release of its fourth quarter and fiscal year 2016 financial results. During the fourth quarter, the Company identified

concessions that were granted to certain distributors in the United States. The Company is currently evaluating whether the revenue associated with those concessions was accounted for in the correct period and is also currently evaluating its internal control over financial reporting. The Audit Committee of the Company's Board of Directors is conducting an independent review of these matters and has retained independent counsel to assist in that review.

Previously, the Company has recognized revenue pertaining to the sale of its products to certain distributors at the time the products are shipped to such distributors. The Company is evaluating whether the revenue associated with the concessions granted to certain distributors should instead have been recognized at the time the products sell through its distributors to the end customers. The Company expects that any potential changes in the timing of the recognition of revenue with respect to these transactions should not impact the total amount of revenue ultimately recognized by the Company with respect to such distributors and does not reflect on the validity of the underlying transactions with respect to such distributors.

The Company will experience a delay in the timely filing of its Annual Report on Form 10-K for its fiscal year ended June 30, 2016 (the "Form 10-K") and expects to file a notification of late filing on Form 12b-25 with the Securities and Exchange

Commission to obtain an automatic 15-day extension of the filing deadline for the Form 10-K. There can be no assurance that the Company will complete the preparation and filing of the Form 10-K within the extension period.

The Company will not be in a position to release financial results until the completion of the independent review of the Audit Committee and of the audit process relating to the 2016 fiscal year. The Company is working diligently on this matter and will, as soon as practicable, make a further announcement regarding the updated timing of the release of financial results and a conference call on its financial results. Separately, the Company does not expect to achieve its previously announced guidance for fiscal year 2016.

Documents From the Probes Reporter Library: We have no SEC documents on this company in our library at this time.

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Notes: *The SEC did not disclose the details on investigations referenced herein. All we know is that they somehow pertain to the conduct, transactions, and/or disclosures of the companies referenced. The SEC reminds us that its assertion of the law enforcement exemption should not be construed as an indication by the Commission or its staff that any violations of law have occurred with respect to any person, entity, or security. New SEC investigative activity could theoretically begin or end after the date covered by this latest information which would not be reflected here.*

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