Risk Factors Comparison 2023-08-24 to 2022-08-25 Form: 10-K

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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. Risks Related to Our Business, Operations and Industry 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, Conagra Brands, Inc., Danone S. A., General Mills, Inc., The Hershey Company, The J. M. Smucker Company, Kellogg Company, Mondelez International, Inc., Nestle S. A., PepsiCo, Inc. and Unilever PLC, and conventional personal care products companies, including but not limited to The Clorox Company, Colgate- Palmolive Company, Johnson & Johnson, The Procter & Gamble Company, S. C. Johnson & Son, Inc. and Unilever PLC, 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. If we do not manage our supply chain effectively or if there are disruptions in our supply chain, our business and results of operations may be adversely affected. The success of our business depends, in part, on maintaining a strong sourcing and manufacturing platform and efficient distribution channels. The inability of any supplier of raw materials, independent contract manufacturer 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. We must also manage our third- party distribution, warehouse and transportation providers to ensure they are able to support the efficient distribution of our products to retailers. A disruption in transportation services could result in an inability to supply materials to our or our co- manufacturers' facilities or finished products to our distribution centers or customers. Activity at third- party distribution centers could be disrupted by a number of factors, including labor issues, failure to meet customer standards, natural disasters or financial issues affecting the third- party providers. ~~In particular, the Russia- Ukraine war and recent labor market shortages impacting our industry have created operating challenges in making our products available to customers and consumers, and such challenges may persist. See " The Russia- Ukraine war could continue to cause challenges and create risks for our business. "~~ If we are unable to manage our supply chain efficiently and ensure that our products are available to meet consumer demand and customer orders, our sales and profitability could be materially adversely impacted. Our future results of operations may be adversely affected by input cost inflation **, including with respect to freight and other distribution costs** . Many aspects of our business have been, and may continue to be, directly affected by volatile commodity costs and other inflationary pressures ~~. Our input costs began to increase significantly beginning in the latter part of fiscal 2021. That inflationary environment extended through fiscal 2022, and we expect the inflationary environment to continue throughout fiscal 2023~~ . Agricultural commodities and ingredients are subject to price volatility which can be caused by commodity market fluctuations, crop yields, seasonal cycles, weather conditions, temperature extremes and natural disasters (including due to the effects of climate change), 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 **and other factors** translate into unpredictable costs for the products and services we receive from our third- party providers including, but not limited to, **freight and other** distribution costs for our products and packaging costs. While we seek to offset increased input costs with a combination of price increases to our customers, purchasing strategies, cost savings initiatives and operating efficiencies, we may be unable to fully offset our increased costs or unable to do so in a timely manner. If we are unable to fully offset such cost increases, our financial results could be materially adversely affected. Although we have no material assets in...... on our business and operating results. Disruption or loss of operations at one or more of our manufacturing facilities could harm our business. For the fiscal years ended June 30, **2023,** 2022 ~~, and~~ **and** 2021 ~~and 2020~~ , approximately **58 %,** 51 % ~~, and~~ **and** 61 ~~% and 59~~ %, respectively, of our sales were derived from products manufactured at our own manufacturing facilities. A disruption of or the loss of operations at one or more of these facilities, which may be caused by disease outbreaks or pandemics, labor issues, natural disasters or governmental actions, could delay or postpone production of our products, which could have a material adverse effect on our business, results of operations and financial condition. ~~Recent labor~~ **Labor** market shortages have impacted, and may continue to impact, operations at our manufacturing facilities. Loss of one or more of our independent contract manufacturers could adversely affect our business. During fiscal **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , approximately **42 %,** 49 % ~~,~~ **and** 39 ~~% and 41~~ %, respectively, of our sales were derived from products manufactured at independent contract manufacturers, or co- manufacturers. In some cases, an individual co- manufacturer may produce all of our requirements for a particular brand. We believe there are a limited number of competent, high- quality co- manufacturers in the industry, and many of our co- manufacturers produce products for other companies as well. Therefore, if we lose or need to change one or more co- manufacturers or fail to retain co- manufacturers for newly acquired or developed 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. ~~The COVID- 19 pandemic continues to have societal and economic effects that create challenges and uncertainty, and our business and operating results may be adversely affected if we do not manage our business effectively in response. The COVID- 19 pandemic continues to contribute to challenging and unprecedented conditions. The impacts of the pandemic could exacerbate conditions in our other risk factors noted in this Item 1A, " Risk Factors. " Challenges exacerbated by the ongoing effects of the pandemic include but are not limited to: • manufacturing and supply chain challenges, including labor market shortages; • a shifting demand environment as a result of changing consumer behaviors amid uncertain economic conditions; and • increased costs of operating our business and managing our supply chain. If we are unable to successfully manage our business through the continued challenges and uncertainty related to the COVID- 19 pandemic, our business and operating results could be materially adversely affected.~~ 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. During an economic downturn, factors such as increased unemployment, decreases in disposable income and declines in consumer confidence could cause a decrease in demand for our overall product set, particularly higher priced better- for- you ~~products. As noted above, other factors can and have adversely impacted consumer demand for our products, including the Russia- Ukraine war, which has prompted consumers, particularly in Europe to shift to lower- priced products, affecting demand for our~~ products. 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, over the past several years, we have seen a shift in consumption towards the e- commerce channel and may see a more substantial shift in the future. Some products we sell 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 **of ingredients** and **the** environmental effects of ingredients **and packaging,** 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 percentage of our sales is concentrated among a small number of customers, and 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. A significant percentage of our sales is concentrated among a small number of customers. For example, sales to Walmart Inc. and its affiliates approximated **16 %,** 15 % ~~,~~ **and** 11 ~~% and 12~~ % of sales during the fiscal years ended June 30, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. 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~~ **the** United States ~~operating segment~~ , we rely upon sales made by or through 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. Our future results of operations may be...... that we can manufacture and sell. We are subject to risks associated with our international sales and operations, including foreign currency, compliance and trade risks. For the fiscal years ended June 30, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , approximately **43 %,** 45 % ~~,~~ **and** 52 ~~% and 51~~ %, respectively, of our consolidated sales were generated outside the United States. Sales from outside our U. S. markets may continue to represent a significant portion of our consolidated 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: • difficulties in managing a global enterprise, including differing labor standards and design and implementation of effective control environment processes across our diverse operations and employee base; • compliance with U. S. laws affecting operations outside of the United States, such as the U. S. Foreign Corrupt Practices Act 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 ”), tax laws and regulations 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; • currency exchange rate fluctuations; • ~~pandemics, such as COVID- 19 or the flu, which may adversely affect our workforce as well as our local suppliers and customers; •~~ varying abilities to enforce intellectual property and contractual rights; • 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, **instability in the financial services sector,** expropriation and other economic or political uncertainties; and • greater risk of uncollectible accounts and longer collection cycles **Our future results of** operations may be adversely affected by the availability of natural and organic ingredients.Our ability to ensure a continuing supply of natural and organic ingredients ~~used in certain of our products~~ at competitive prices depends on many factors beyond our control,such as the number and size of farms that grow natural and organic crops,climate conditions,increased demand for natural and organic ingredients by our competitors ~~for these scarce ingredients~~ , ~~climate conditions,global unrest and~~ changes in national and world economic conditions,currency fluctuations and forecasting adequate need of seasonal ingredients.The natural and organic ingredients that we use in the production of our products (including,among others,vegetables,fruits,nuts and grains) are vulnerable to adverse weather conditions and natural disasters,such as floods,droughts,water scarcity,temperature extremes,wildfires,frosts,earthquakes and pestilences.Natural disasters and adverse weather conditions can lower crop yields and reduce crop size and crop quality,which in turn could reduce our supplies of natural and organic ingredients or increase the prices of those ingredients.Such natural disasters and adverse weather conditions can be caused or exacerbated by climate change,and the spate of recent extreme weather ~~and climate- related~~ events,including historic droughts,heatwaves ~~,wildfires~~ ,extreme cold and flooding,presents an alarming trend.If our supplies of natural and 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 natural and 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 natural and organic products increases.This could cause **our expenses to increase or could limit the amount of products that we can manufacture and sell.** . We have outsourced certain functions ~~in our North American business~~ to third- party service providers, and any service failures or disruptions related to these outsourcing arrangements could adversely affect our business. We **have** ~~recently completed the process of outsourcing~~ **outsourced** certain ~~functions in our North American~~ business **processes in the areas of supply chain** , ~~including order management, billing, accounts~~ **accounting** ~~receivable~~ and **information technology** ~~accounts payable,~~ to **managed** ~~third- party~~ service providers **, globally** ~~. We also implemented new procurement technology solutions as part of this initiative~~ . We face risks associated with third parties managing these functions for us. For example, we have diminished control over the quality and timeliness of the outsourced services, including the cyber security protections implemented by these third parties. As a result of these outsourcing arrangements, we may experience interruptions or delays in our ~~order- to- cash and procure- to- pay~~ processes, loss or theft of sensitive data or other cyber security issues, compliance issues, challenges in maintaining and reporting financial and operational information, and increased costs to remediate any unanticipated issues that arise, any of which could materially and adversely affect our business, financial condition and results of operations. We may not be successful in achieving savings and efficiencies from cost reduction initiatives and related strategic initiatives. Our strategy includes identifying areas of cost savings and operating efficiencies to expand profit margins and cash flow. As part of our identification of operating efficiencies, we may continue to 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 successful in fully implementing our ~~productivity~~ **cost savings** plans or realizing our anticipated savings and efficiencies, including potentially as a result of factors outside our control. Additionally, we may not be able to identify or negotiate divestiture opportunities on terms acceptable to us. If we are unable to fully realize the anticipated savings and efficiencies of our cost reduction initiatives and related strategic initiatives, our profitability may be materially and adversely impacted **.The Russia- Ukraine war could continue to cause challenges and create risks for our business.** Although we have no material assets in Russia,Belarus or Ukraine,our supply chain has been,and may continue to be,adversely impacted by the Russia- Ukraine ~~war,and we continue to face other challenges and risks arising from the~~ war.In particular,the war has added significant costs to existing inflationary pressures through increased fuel and raw material prices and labor costs.Further,beyond increased costs,labor challenges and other factors have led to supply chain disruptions.While,to date,we have been able to identify replacement raw materials where necessary,we have incurred increased costs in doing so. ~~For example~~ **Although we are continuing to monitor and manage the impacts of the war on our business** ,the **war and the related economic impact could continue** ~~supply of sunflower oil has become constrained,compelling us~~ to ~~identify~~ **have a material adverse effect on our business** and **operating results** ~~procure alternative oils.The war has also negatively impacted consumer sentiment,particularly in Europe,with some consumers shifting to lower- priced~~ . Our business, operating results and financial condition may be adversely affected by the failure to successfully execute acquisitions or dispositions or to successfully integrate completed acquisitions. From time to time, we evaluate potential acquisitions or dispositions that align with our strategic objectives. The success of those initiatives depends upon our ability to identify suitable acquisition targets or buyers and successfully negotiate contract terms, among other factors. These initiatives may present operational risks, including diversion of management’ s attention from other matters, difficulties integrating acquired businesses into our existing operations or separating businesses from our operations, and challenges presented by acquisitions that may not achieve intended results. If we are not successful in executing acquisitions or divestitures or in integrating completed acquisitions, our business, operating results and financial condition could be adversely affected. We rely on independent certifications for a number of our products. We rely on independent third- party certifications, 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~~ **Company** , which could harm our business. Risks Related to Our Reputation, Brands and Intellectual Property If the reputation of our Company or our brands erodes significantly, including as a result of concerns regarding product quality or safety or perceptions about our ESG practices, it could have a material impact on our business. Our financial success is directly dependent on the perception of our Company and our brands among our customers, consumers, employees and other constituents. Our results could be negatively impacted if our Company or one or more of our brands suffers substantial damage to its reputation due to real or perceived issues related to the quality or safety of our products. Further, 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. In addition, customers and consumers are increasingly expressing their expectations that companies and brands act responsibly in their ESG practices. Any failure to meet such customer or consumer expectations, or any negative publicity regarding our ESG practices, could impact our reputation with customers, consumers and other constituents, which could have a material impact on our business. Our inability to use our trademarks or the trademarks we license from third parties 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 tradenames, these efforts may not be successful, and third parties may challenge our right to use one or more of our trademarks or tradenames. We believe that our trademarks and tradenames are significant to the marketing and sale of our products and that the inability to utilize certain of these names and marks, and / or the inability to prevent third parties from using similar names or marks, 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 ®, Rose' 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. These trademark license agreements may not remain in effect or be enforceable, and our license agreements, upon expiration, may not be renewed on acceptable terms or at all. Risks Related to Economic ~~and Political~~ Considerations **Currency exchange rate fluctuations could adversely affect our consolidated financial results and condition. We are subject to risks related to fluctuations in currency exchange rates. Our consolidated financial statements are presented in United States Dollars, requiring us to translate our assets, liabilities, revenue and expenses into United States Dollars. As a result, changes in the values of currencies 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.** 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. ~~Currency exchange rate fluctuations could adversely affect our consolidated financial results and condition. We are subject to risks related to fluctuations in currency exchange rates. Our consolidated financial statements are presented in United States Dollars, requiring us to translate our assets, liabilities, revenue and expenses into United States Dollars. As a result, changes in the values of currencies 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. A significant portion of our business has exposure to continued uncertainty and burdens in the United Kingdom following its exit from the European Union, commonly referred to as " Brexit. " In fiscal years 2022 and 2021, approximately 26 % and 31 %, respectively, of our consolidated sales were generated in the United Kingdom, which continues to experience economic and market uncertainty following 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 and suppliers, which could have an adverse effect on our business, financial results and operations. In addition to ongoing general market uncertainty caused by Brexit, the importing and exporting of goods and ingredients now involves additional administrative burdens, adding friction and cost to trade between the United Kingdom and member countries of the European Union.~~ Risks Related to Information Security and Technology A cybersecurity incident or other technology disruptions could negatively impact our business and our relationships with customers. We depend on information systems and technology, including public websites and cloud- based services, in substantially all aspects of our business, including communications among our employees and with suppliers, customers and consumers. Such uses of information systems and technology give rise to cybersecurity risks, including system disruption, security breach, ransomware, theft, espionage and inadvertent release of information. We have become more reliant on mobile devices, remote communication and other technologies as part of the recent change in office working patterns, enhancing our cybersecurity risk. 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. We have experienced cyber security threats and vulnerabilities in our systems and those of our third party providers. Although, to date, such prior events have not had a material impact on our financial condition, results of operations or financial condition, the potential consequences of a future material cybersecurity attack could be significant and could include reputational damage, litigation with third parties, government enforcement actions, penalties, disruption to systems, unauthorized release of confidential or otherwise protected information, corruption of data and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness, results of operations and financial condition. Due to the evolving nature of such security threats, the potential impact of any future incident cannot be predicted. 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. Risks Related to ESG Considerations **Changing rules, public disclosure regulations and stakeholder expectations on ESG- related matters create a variety of risks for our business. Increasingly, regulators, consumers, customers, investors, employees and other stakeholders are focusing on ESG matters and related disclosures. These changing rules, public disclosure regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on initiatives within the scope of ESG, and collecting, measuring and reporting ESG related information and metrics can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC' s proposed climate- related reporting requirements, and similar proposals by other international regulatory bodies. This rapidly changing environment may result in increased general and administrative expenses. We may also communicate certain initiatives and goals regarding environmental matters, diversity and other ESG- related matters. These initiatives and goals could be difficult and expensive to implement, and we could be criticized for the accuracy, adequacy or completeness of the disclosure. Further, statements about our ESG- related initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. In addition, we could be criticized for the scope or nature of such initiatives or goals, or for any revisions to these goals. If our ESG- related data, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our goals within the scope of ESG on a timely basis, or at all, our reputation, business, results of operations and financial condition could be adversely impacted.** 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. The spate of recent extreme weather **and climate- related** events, including historic droughts, heatwaves **, wildfires** , extreme cold and flooding, presents an alarming trend. 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 vegetables, fruits, grains, beans and nuts. 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. Liabilities, claims or new laws or regulations 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 exposes 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, results of operations and financial condition. The increasing global focus on climate change and the need for corporate change may lead to new environmental laws and regulations that impact our business. For example, there are a growing number of laws and regulations regarding product packaging, particularly in Europe. Our compliance with such existing laws and regulations and any new laws or regulations enacted in the future, or any changes in how existing laws or regulations will be enforced, administered or interpreted, may lead to an increase in compliance costs, cause us to change the way we operate or expose us to additional risk of liabilities and claims, which could have a material adverse effect on our business, results of operations and financial condition. Risks Related to Litigation, Government Regulation and Compliance 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 in Note ~~17~~ **18**

,Commitments and Contingencies,in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10-K,we are currently subject to class actions and derivative complaints arising out of or related to the Company' s prior internal accounting review.Certain of our former officers and former members of our Board of Directors,as individual defendants,are also subject to lawsuits related to such accounting review,and we may have an obligation to indemnify them in relation to these matters.Additionally,as discussed further in Note ~~17~~ **18** ,we are subject to consumer class actions,and other lawsuits alleging some form of personal injury,relating to our Earth' s Best ® baby food products.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 results of operations and financial condition.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 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- manufacturers 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, an illness or physical harm, we may become subject to claims or lawsuits relating to such matters. For example, as discussed in Note ~~18~~ **17** , Commitments and Contingencies, in the Notes to the Consolidated Financial Statements included in Item 8 of this Form 10- K, we are subject to consumer class actions, and other lawsuits alleging some form of personal injury, relating to our Earth' s Best ® baby food products. Even if a claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products were mislabeled, unsafe or caused illness or physical harm could adversely affect our reputation with existing and potential customers and consumers and our corporate and brand image. 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, results of operations and financial condition. Government regulation could subject us to civil and criminal penalties, and any changes in the legal and regulatory frameworks in which we operate could make it more costly or challenging to manufacture and sell our products. 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 product 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 or regulatory requirements and / or evolving interpretations of existing requirements may result in increased compliance costs or otherwise make it more costly or challenging to manufacture and sell our products, which could materially adversely affect our business, financial condition or operating results. 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...... obtain adequate insurance in the future. 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 and the California Consumer Privacy Act of 2018 (" CCPA ") ~~.~~ **, as amended by** ~~Other~~ -- **the** ~~U~~ **California Privacy Rights Act (" CPRA ")** . **In** ~~S. states have, in~~ recent years, **other U. S. states such as Colorado, Connecticut, Indiana, Iowa, Montana, Tennessee, Utah and Virginia have** begun to adopt their own ~~omnibus, industry- neutral~~ privacy statutes, **which may apply to the Company** ~~such as Colorado, Connecticut, Utah and Virginia~~ . Failure to comply with GDPR or CCPA requirements or other data privacy laws could result in litigation, adverse publicity and significant penalties and damages. The law in this area continues to develop, and the changing nature of privacy laws could impact the Company' s processing of personal information related to the Company' s **job applicants,** 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. Risks Related to Our Credit Agreement Any default under our credit agreement could have significant consequences. 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 maximum consolidated secured**

leverage ratio and a minimum consolidated interest coverage ratio **. The credit agreement also contains restrictive covenants including, with specified exceptions, limitations on our ability to engage in certain business activities, incur debt** and ~~a maximum~~ **liens, make capital expenditures, pay dividends or make other distributions, enter into affiliate transactions,** ~~consolidated~~ - **consolidate** ~~leverage ratio~~ **, merge or acquire or dispose of assets, and make certain investments, acquisitions and loans** . 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 business and financial condition. ~~We may be adversely impacted by the discontinuation of the London Interbank Offered Rate, or LIBOR. We have loans under our credit facility and interest rate swap agreements that are indexed to LIBOR, which is being replaced. While we have sought to reduce future interest rate volatility by entering into floating rate to fixed rate swap agreements with respect to a substantial portion of our outstanding indebtedness, the transition away from LIBOR may nonetheless cause us to incur increased costs and additional risk. Following the transition, interest rates will generally be based on an alternative variable rate specified in the documentation governing our indebtedness or swaps or as otherwise agreed upon. The alternative variable rate could be higher and more volatile than LIBOR prior to its discontinuance. Certain risks arise in transitioning contracts to an alternative variable rate. The method of transitioning to an alternative rate may be challenging and may require substantial negotiation with the counterparty to each contract. If a contract is not transitioned to an alternative variable rate, the impact is likely to vary by contract.~~ Risks Related to Corporate Governance 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. General Risk Factors We may be subject to significant liability that is not covered by insurance. While we believe that the extent of our insurance coverage is consistent with industry practice, such coverage does not cover all losses we may incur, even in areas for which we have coverage. Our insurance policies are subject to coverage exclusions, deductibles and caps, and any claim we make under our insurance policies may be subject to such limitations. Any claim we make 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. 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. Additionally, in the future, insurance coverage may not be available to us at commercially acceptable premiums, or at all. 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, ~~2022~~ **2023** , we had goodwill of $ ~~933~~ **938** . ~~8~~ **6** million and trademarks and other intangibles assets of $ ~~477~~ **298** . ~~5~~ **1** million, which in the aggregate represented ~~57~~ **55** % 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. **For example, during fiscal 2023, we recorded aggregate non- cash impairment charges of $ 174. 9 million related to certain trademarks and intangible assets to reduce their carrying value to their estimated fair value.** The incurrence of **additional** 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. **For further information, see Note 8, Goodwill and Other Intangible Assets, in the Notes to Consolidated Financial Statements included in Item 8 of this Form 10- K.**