



HONEST[®]

Investor Strategic
Update 2024

Forward Looking Statements

This presentation contains certain forward-looking statements within the meaning of the federal securities laws, including statements about the outlook of our business and industry and other matters referenced in our earnings release and SEC filings. All statements other than statements of historical fact contained in this presentation, including statements on our business strategy, plans, objectives, financial results, operating results, potential market and growth opportunities, or competitive position, are forward-looking statements. These forward-looking statements involve a number of risks and uncertainties, some of which management cannot predict, that could cause actual results to differ materially. Please refer to our SEC filings and earnings releases for a more detailed description of the risk factors that may affect our results.

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Market data and industry information used through this presentation are based on management's knowledge of the industry and the good faith estimates of management. We also relied upon management's review of independent industry surveys and publications and other available information prepared by a number of third-party sources. All of the market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such data, information, and estimates. Although we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified the information provided by these or any other third-party sources referred to in this presentation. We make no representations or warranties as to the accuracy of any such statements, data, information, or estimates. Projections, assumptions, and estimates of our and our industry's future performance are subject to a high degree of uncertainty and risk. These uncertainties and risks, as well as other factors, could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by third-parties.

A modern CPG company poised for growth

Strengthened financial foundation



Modern brand



Dynamic leadership and culture



Scalable growth



Our story

- Founded in 2012 with the goal to create **a new personal care company with clean ingredients and sustainability at its core**
- The portfolio resonated with a new generation of families



One powerful brand capable of spanning aisles



Honest is a **Branded House**

Category 1 Category 2 Category 3 Category 4



Conventional CPG: **House of Brands**

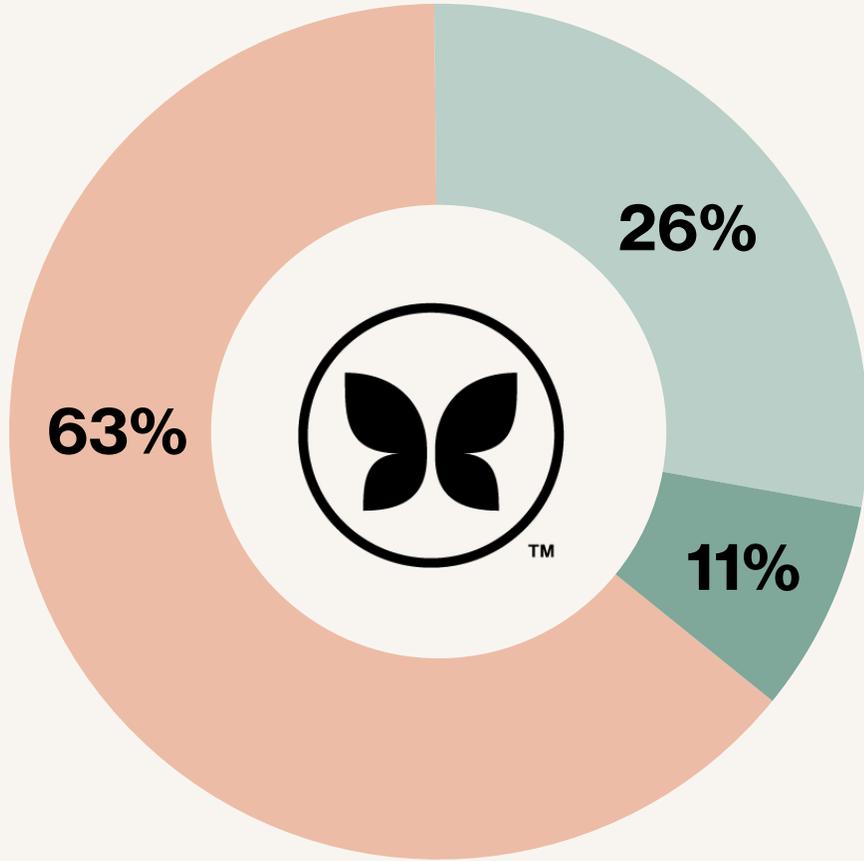
Category 1 Category 2 Category 3 Category 4



Our portfolio

2023 Revenue (%)

Total: \$344 M



Diapers & Wipes

Skin & Personal Care

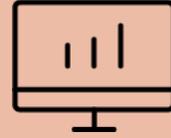
Household & Wellness



Our portfolio

#1

natural¹ brand in baby care



All product segments growing share¹



Top ranked purpose-driven personal care brand²

Household penetration growing at

13%

4 Year CAGR³

Fastest growing wipes brand⁴



#1

climate-friendly mascara on Amazon⁵



Oprah's Favorite Things⁶:
"Fam Jams"
4 years in a row



The next Honest chapter

● 2021

The Honest
Company IPO

● 2023

New management
team in place

● 2023–2024

Transformation
Initiative is
underway;
bearing early
fruit

● Today

Sharing our vision
for continued
scaling across
categories and
channels

Strengthened financial foundation



Strengthened financial foundation

Honest is on a transformation journey

● 2023

Transform

● 2024

Transform & Strengthen

● 2025+

Accelerate

Brand Maximization – *leverage brand to drive growth through innovation & improved marketing*

Margin Enhancement – *expand margins through mix and cost savings activities*

Operating Discipline – *build a culture of executional excellence*

Strengthened financial foundation

Transformation Initiative delivered stronger 2023

Brand Maximization

+10%

Revenue growth via units & pricing¹

+6%

Year end retail distribution²

Margin Enhancement

+600 bps

YoY Q4 gross margin³

+\$11M

YoY FY Adj. EBITDA¹

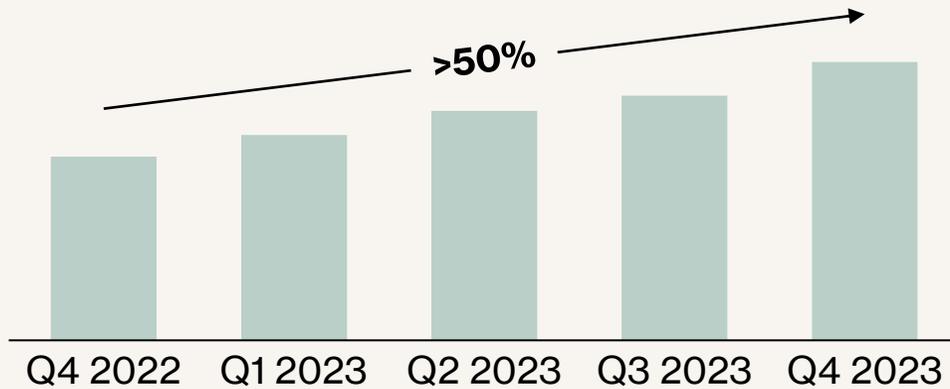
Operating Discipline

\$42M

Inventory reduction¹

High-performing practices from leading CPG, Tech and Retail

Sequential improvement in Return on Ad Spend¹



4x

Increase YoY in new to brand households²



2023 Margin drivers

Pricing

Product cost

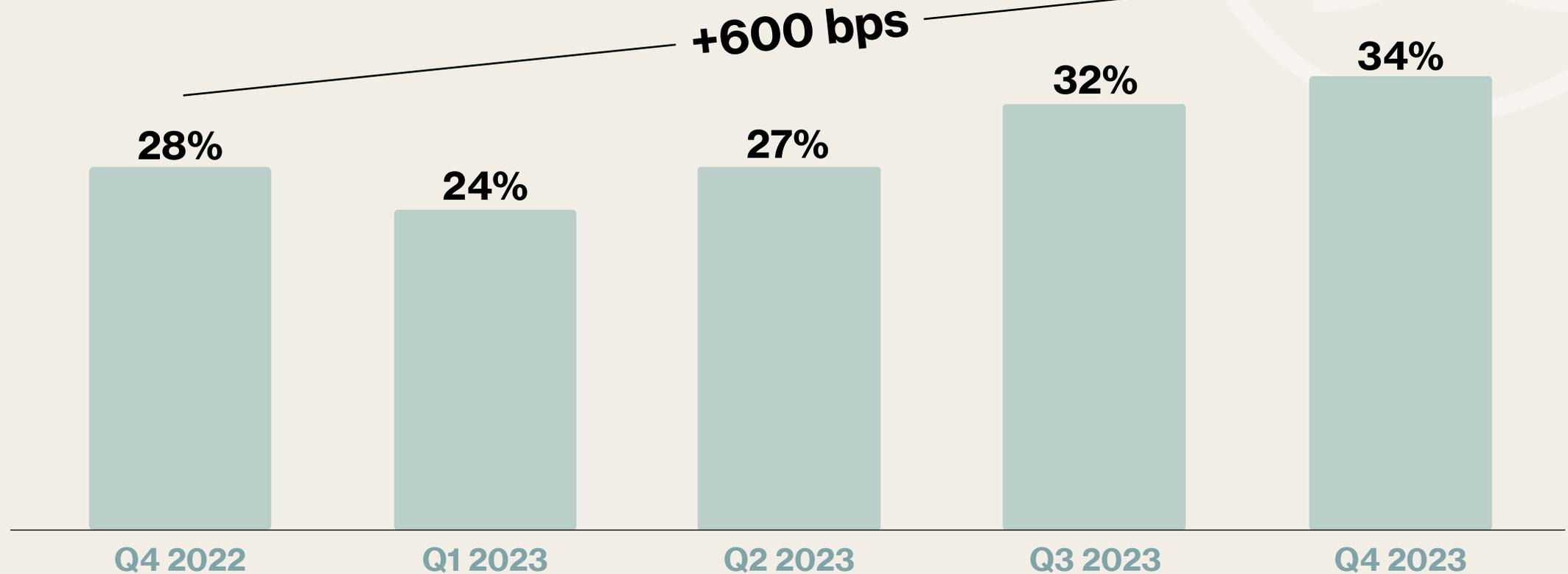
Marketing efficiency

Operating expense control



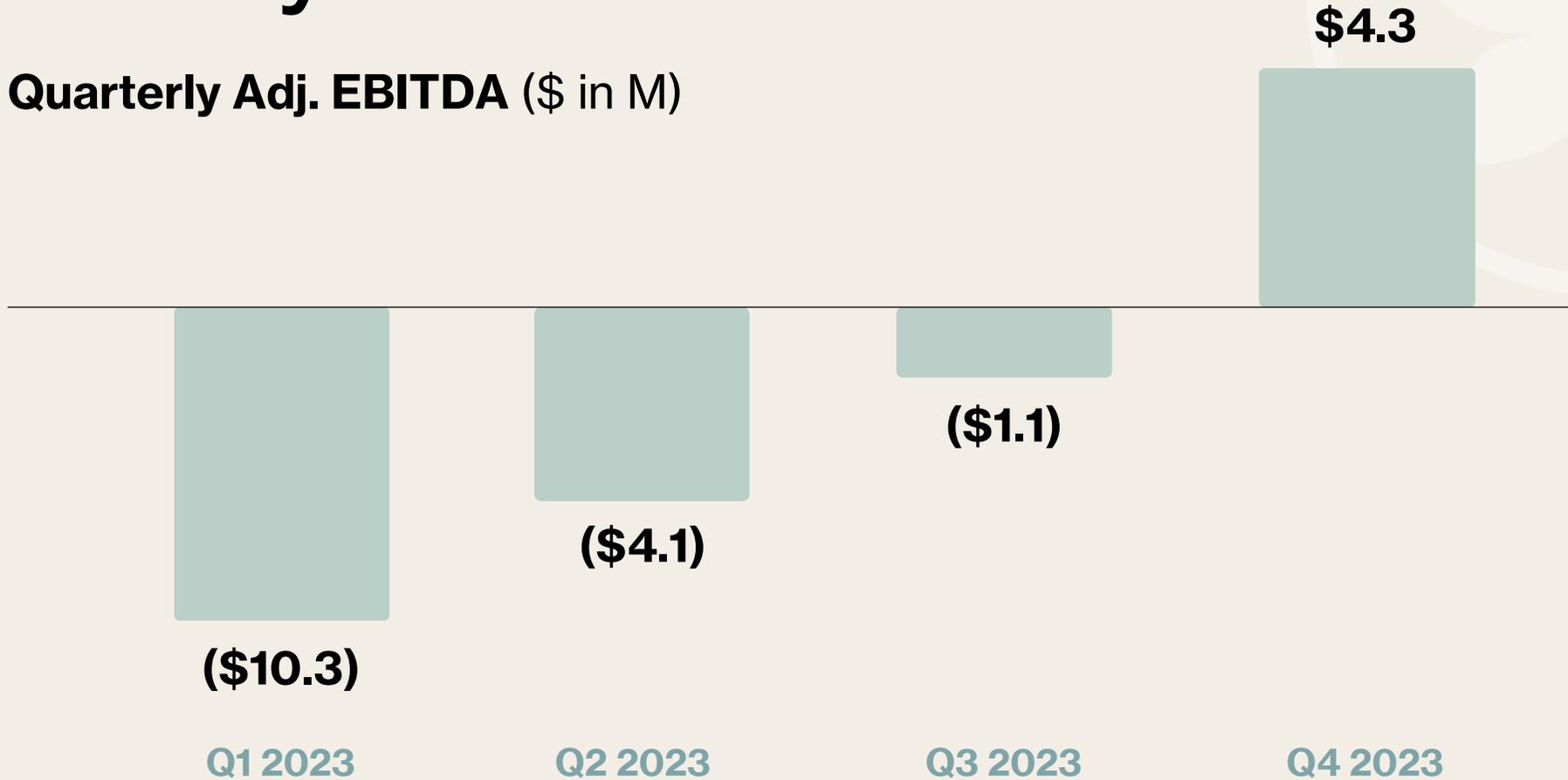
Sequential margin improvement in 2023

Quarterly Gross Margin (%)



Achieved Adj. EBITDA profitability

Quarterly Adj. EBITDA (\$ in M)



Strengthened financial foundation | Operating discipline

Converted inventory to cash

Reduced inventory by

\$42M



Strengthened financial foundation

2023 financial summary

	2023 Results
Revenue Growth	+10% vs. 2022
Gross Margin %	+ 600 bps YoY Q4 2023
Adj. EBITDA	+\$11M vs. 2022

Strengthened financial foundation

Stronger balance sheet 2023

Positive cash flow:

+\$18M¹

Debt:

\$0



Modern brand



Modern brand

At Honest, we decided the rules for mass personal care were outdated, so we made our own. **Because we take personal care personally.**



Modern brand

The Honest Company is a personal care company **on a mission to challenge ingredients, ideals and industries so people can protect who they love.**



Modern brand

Since 2012 we have channeled this mission into action:

We call this **The Honest Standard**



Raising the bar on ingredient formulation



Breaking the mold on the status quo and revitalizing ideals



Driving change that creates a ripple effect strong enough to reshape industries

A higher standard of clean

1 Clean ingredients
We ban 3,500+ ingredients

2 In-house labs
We use innovative, proprietary formulas

3 Toxicologist audited
We conduct rigorous research and testing

Number of ingredients not permitted in products

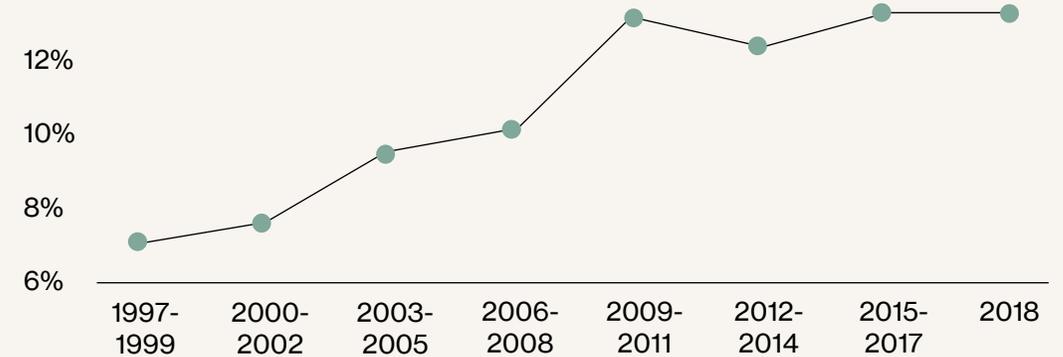
- No parabens
- No sulfates
- No phthalates
- No synthetic fragrances
- No petro-derived emollients
- No PEGs
- No mineral oil
- No PFAs



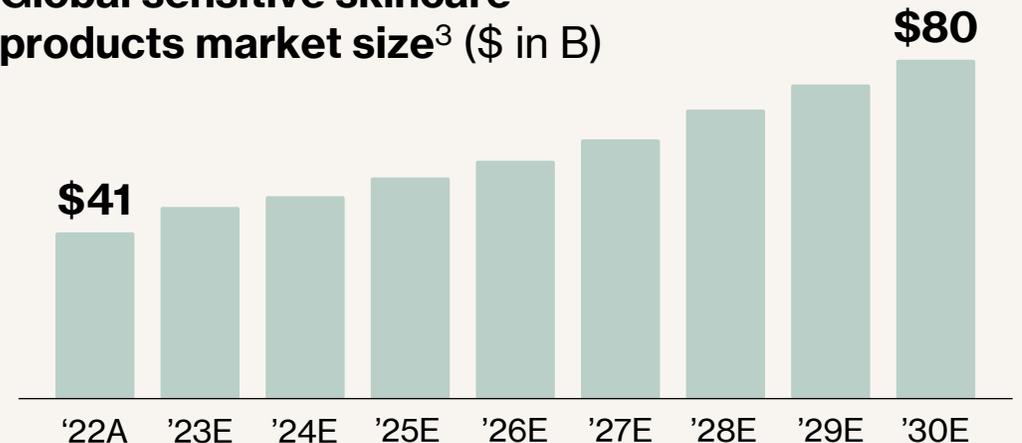
Consumers have new needs

- Skin allergies among children have **nearly doubled** since 1997¹
- **51% of consumers** research their personal care ingredients (+25% vs. 2022)²
- Market for sensitive skin products expected to **nearly double** by 2030³
- Natural Personal Care expected to **grow 3x faster** than conventional⁴

Children (0-17) with a skin allergy the past 12 months over 3 year period¹ (%)



Global sensitive skincare products market size³ (\$ in B)



Modern brand

Designed to a higher standard

Many of our products earn leading 3rd party certifications



The mark of responsible forestry

Modern brand

Modern brand building

Direct-to-consumer



DIAPERS + WIPES BUNDLE
You pick, you Save! 20% off per shipment

- \$250+ savings a year
- 7 diapers packs + 4 wipes packs per month
- Exclusive early access to seasonal prints

[SUBSCRIBE + SAVE](#) [SHOP DIAPERS](#)

Online community



Following For You

my baby after a day of eating, sleeping and watching ms. rachel

TikTok honest

256

Creator partnerships



Earned media



People
The 16 Best Mascaras of 2024, Tested and Reviewed
Best for Bottom Lash: Honest Beauty Mascara + Lash Primer

Rolling Stone
30 Best Baby Shower Gifts That'll Impress Any New Parent
From the practical must-haves like diapering gear to the unique and sentimental (teeny tiny socks!), we've rounded up the best baby shower gifts to show your support

Forbes
Best Overnight Diapers For Sensitive Skin
A Plant Based Core Provides 12-Hour Protection

Paid media surround sound



GENTLE CARE FOR SENSITIVE SKIN
Explore hypoallergenic, clean & fragrance-free formulas for you + babe

THE HONEST STANDARD
Meaningful transparency and thoughtful design. We're on a mission to change the world, one product at a time.

- MADE WITHOUT 350+ QUESTIONABLE INGREDIENTS
- ANIMAL FRIENDLY
- CRUELTY FREE + VEGAN
- IN-HOUSE TOXICOLOGIST

Modern brand

Revolutionized baby care



Brought modern designs to diaper category



Launched organic apparel to match diapers



Created baby spa moments



Baby gifting

Modern brand

Hero products people love



Mascara

- Formulated without microplastics
- Plant-based formula
- **#1** climate friendly mascara on Amazon¹
- **12% 3-year CAGR** through 2023²



Baby Personal Care

- Green-chemistry surfactant rich in plant based-extracts
- **#1** natural baby personal care brand in Target³
- Grew **19%** in 2023⁴



Wipes

- Plant-based, compostable
- **40+%** usage in families without children⁵
- Grew **44%** in 2023⁶

Dynamic leadership and culture



Dynamic leadership & culture

The right leaders for the mission



Broadly experienced leadership team:



ESTÉE LAUDER

AVEDA

Neutrogena

NORDSTROM



Dynamic leadership & culture

Vibrant team

~175 full-time employees¹

Headquartered in Southern California



Dynamic leadership & culture

Strengthening internal practices

Introduced **FEEFA** mindset:

Focus

**Executional
Excellence**

Fast

Aligned

Dynamic leadership & culture

Board of Directors



James D. White
Chairperson



Carla Vernón
Chief Executive Officer



Jessica Alba
Founder



Michael Barkley



Katie Bayne



Susan Gentile



John R. (Jack) Hartung



Alissa Hsu Lynch



Andrea Turner

Broadly experienced Directors:



Scalable growth



TM



Distribution expansion a focal point of growth

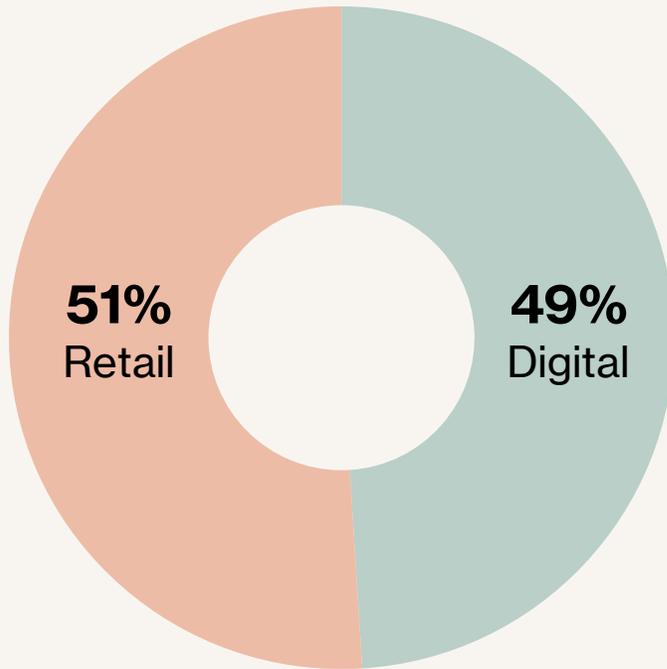
- 1 Increasing Total Distribution Points reflects the most significant growth opportunity
- 2 Distribution remains underpenetrated relative to competition
- 3 Innovation supports our objective of increased availability



Scalable growth

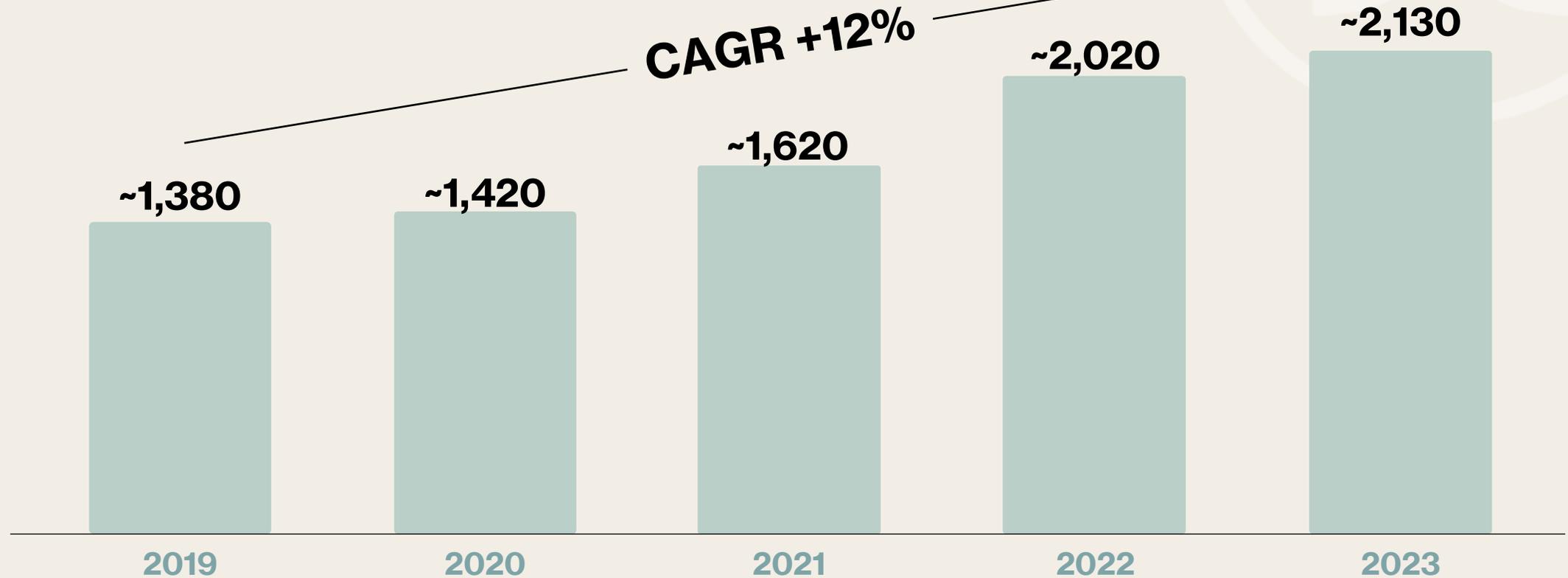
We are widely available

Balanced omnichannel revenue base
% of 2023 Revenue



History of distribution expansion

Year-end Total Distribution Points (TDPs)

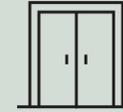


Multiple levels of distribution opportunity

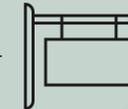
Stores | **add more retailers**



Doors | **add outlets at existing retailers**



Aisles | **add more locations in stores**



Shelves | **add stronger shelf placement**



Facings | **add more items and span to shelves**



Innovation | **add new categories to product portfolio**



Remaining opportunity with new retailers

Club

Beauty specialty

Discount

Grocery

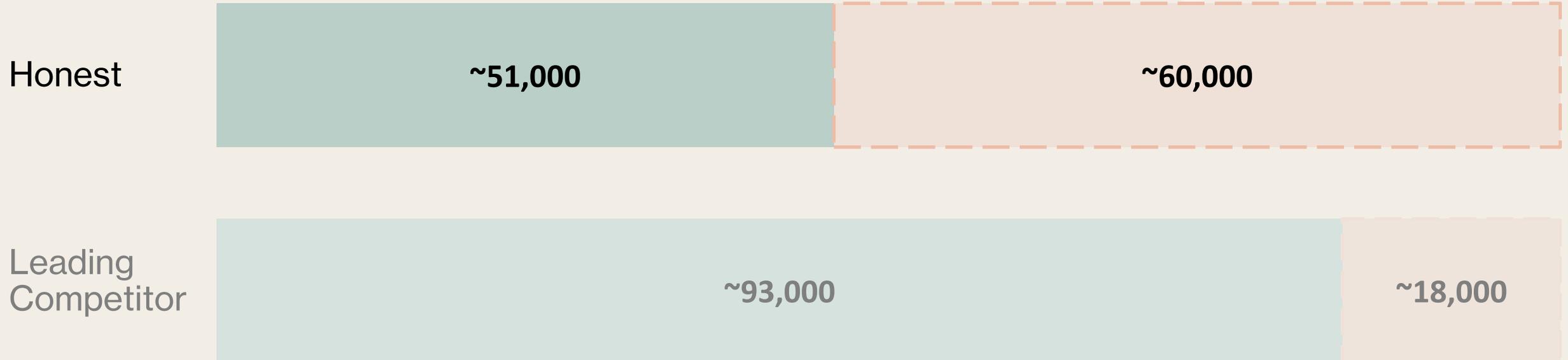
Drug



Large runway for growth into more doors



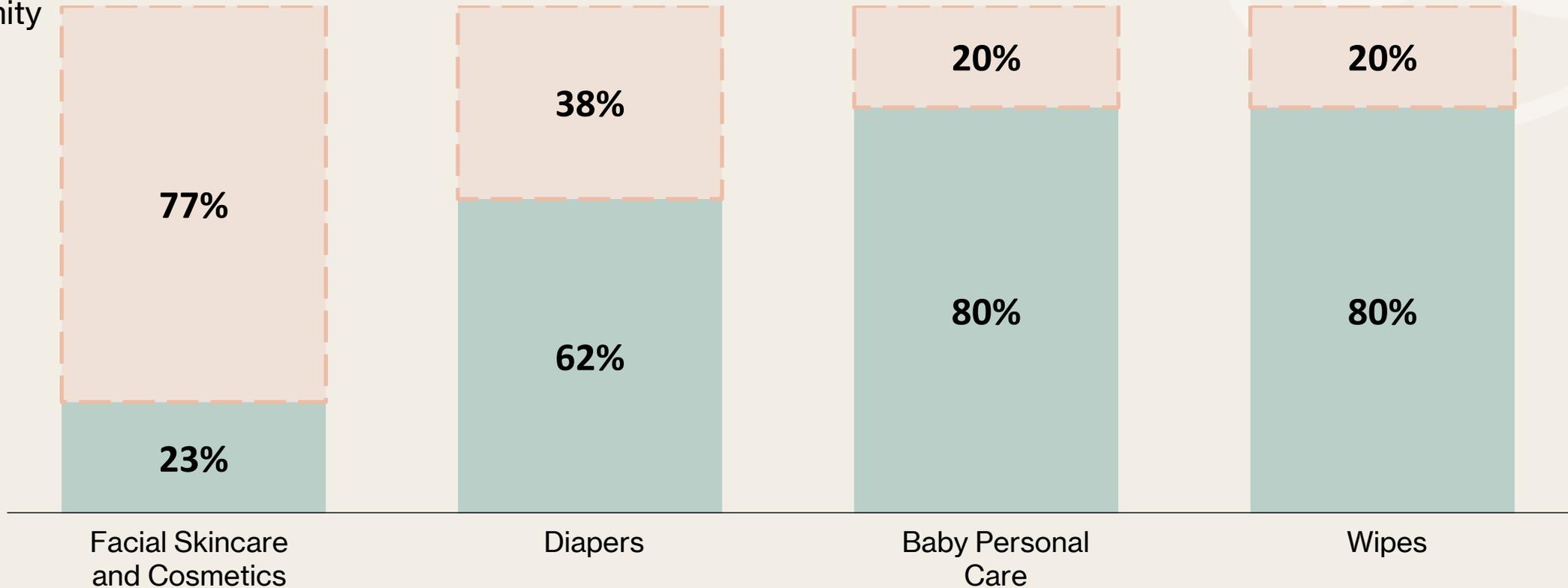
2023 year-end total doors selling



Room to push portfolio into additional aisles

Honest Multi-Outlet ACV by category (%)

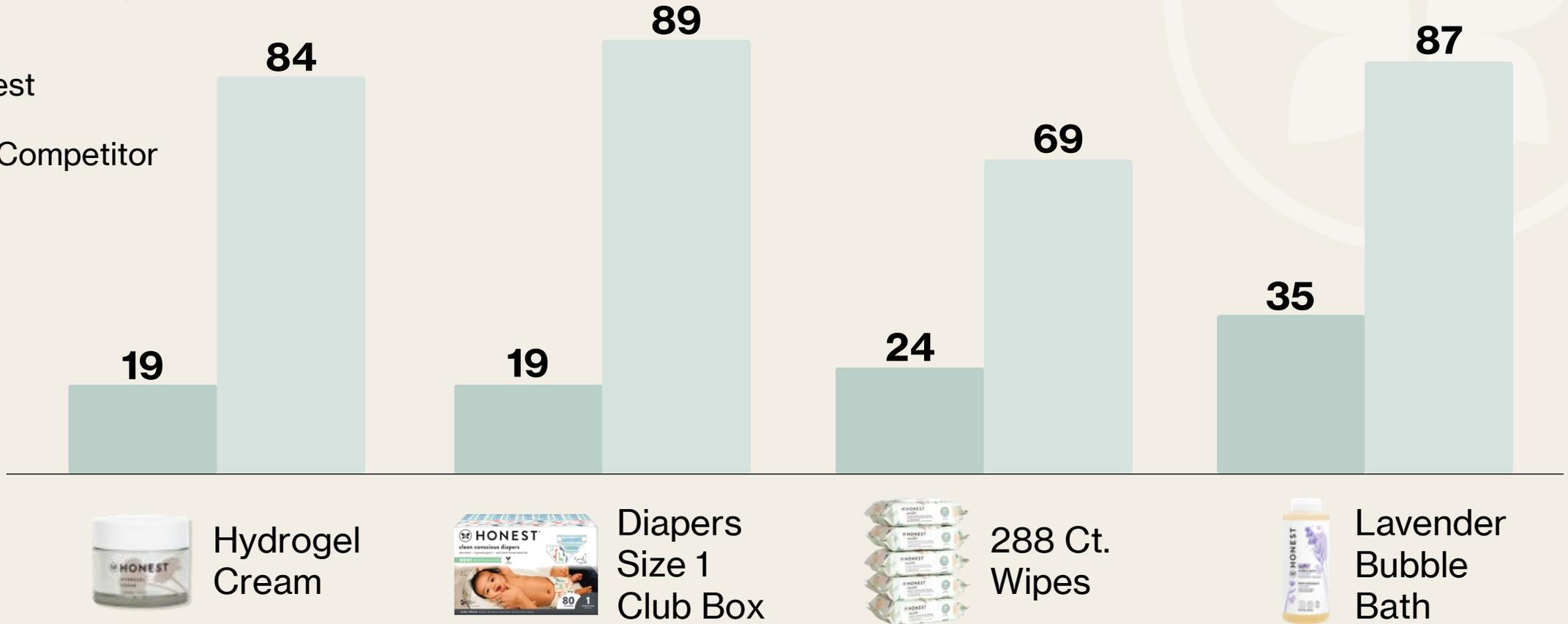
Opportunity



Hero products under-distributed

Max ACV % by SKU

- Honest
- Key Competitor



Opportunity for larger presence on shelf

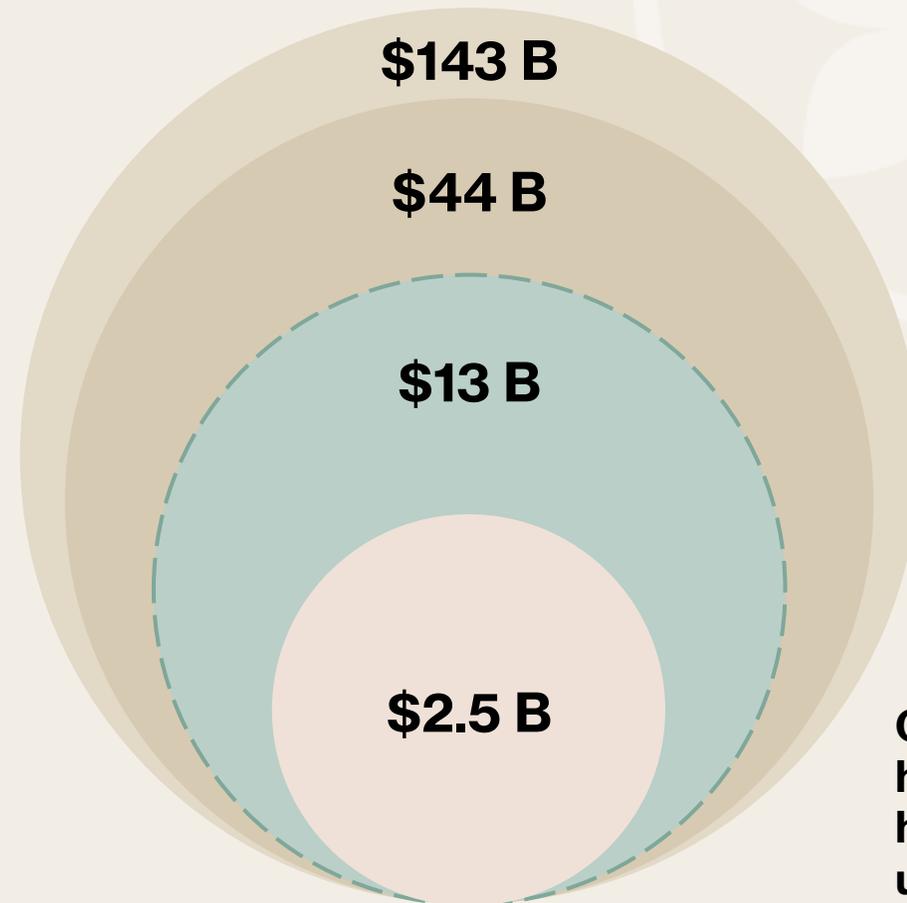
Average products on shelf per store selling

- Honest
- Key Competitor



Large opportunity for Honest beyond baby care aisles¹

- Total Personal Care Universe Market Size
- Total Addressable Market
Total market size among consumers who consider natural/clean products
- Honest Demand Space Opportunity
Total market size for products with Honest-relevant benefits for priority consumers
- Baby Care Demand Space Opportunity
Total market size for baby products with Honest-relevant benefits for priority consumers



Only 26% of households have children under age 4²

Consumer research shows the need for our Brand in additional categories

Today

Future Opportunity

Baby
Personal
Care



Cosmetics



Wipes



Skincare



Diapers



Apparel



New Category A

New Category B

New Category C

Average multi-category CPG is in **18 aisles**¹

Opportunity identified via 2,500 consumer **analytic study**

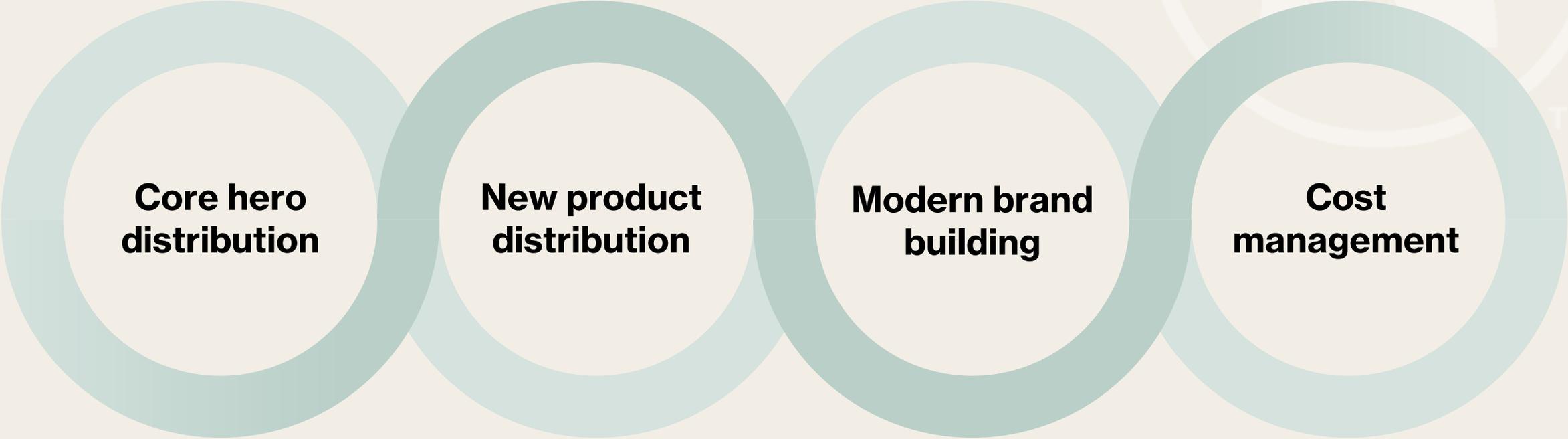
2024 and long-term outlook



2024 guidance

	Honest 2024E
Revenue	+ Low to mid-single digit growth
Adjusted EBITDA	Positive Adj. EBITDA (Low to mid-single digit millions)

Principles that underpin our long-term plan for the profitable growth



**Core hero
distribution**

**New product
distribution**

**Modern brand
building**

**Cost
management**

Long-term outlook

Margin expansion drivers

Supply chain cost savings

Marketing efficiency

Operating expense control



Our long-term financial algorithm

	Beyond 2024
Revenue	+4-6% annually
Adjusted EBITDA	Continued margin expansion

Reasons to invest

- 🦋 Business model transformed for profitability
- 🦋 New leadership team
- 🦋 Strong runway for growth
- 🦋 Growing consumer need, large market potential
- 🦋 Vibrant brand built for today's family needs
- 🦋 Proven success in omnichannel



Appendix



TM



Reconciliation of GAAP and Non-GAAP Financial Measures

Adjusted EBITDA (\$ millions)

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023
Net income (loss)	(\$18.9)	(\$13.4)	(\$8.1)	\$1.1	(\$39.2)
Interest and other (income) expense, net	0.2	0.0	0.1	(0.0)	0.3
Income tax provision	0.0	0.0	0.0	0.0	0.1
Depreciation and amortization	0.7	0.7	0.7	0.7	2.7
Stock-based compensation	3.8	6.4	3.7	1.9	15.8
Securities Litigation expense	1.2	1.8	1.4	0.4	4.7
CEO and CFO transition expense	1.3	0.0	0.8	0.0	2.1
Restructuring costs	1.4	0.4	0.4	0.1	2.2
Payroll tax expense related to stock-based compensation	0.1	0.0	0.0	0.0	0.1
Adj. EBITDA	(\$10.3)	(\$4.1)	(\$1.1)	\$4.3	(\$11.2)