

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 1, 2025



The Honest Company, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

12130 Millennium Drive, #500
Los Angeles, CA

(Address of Principal Executive Offices)

001-40378

(Commission File Number)

90-0750205

(IRS Employer
Identification No.)

90094

(Zip Code)

(888) 862-8818

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, \$0.0001 par value per share	HNST	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 7, 2025, The Honest Company, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter ended March 31, 2025. A copy of the press release is furnished as Exhibit 99.1 and incorporated herein by reference.

The information provided in this Item 2.02 of this Form 8-K, including Exhibit 99.1 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Chief Financial Officer

On May 7, 2025, the Company announced the appointment of Curtiss Bruce as the Company’s Chief Financial Officer, effective June 2, 2025 (the “Effective Date”).

Mr. Bruce, 52, most recently served as the Senior Vice President, Corporate Financial Planning & Analysis and Investor Relations at The Hain Celestial Group beginning in April 2023. Prior to joining The Hain Celestial Group, Mr. Bruce served as Vice President of Finance, National Accounts/Beverage Concentrate & Warehouse Direct at Keurig Dr Pepper Inc. from July 2019 to April 2023. Prior to that Mr. Bruce served as the Chief Financial Officer, Senior Vice President Finance for RXBAR (acquired by Kellogg Company in October 2017) and Chief Financial Officer, Vice President of Finance Specialty Channels from September 2015 to July 2019 for Kellogg Company. Before joining Kellogg Company, Mr. Bruce served as a Director of Finance for Philadelphia Cream Cheese and a Senior Director of Finance Procurement at The Kraft Heinz Company from April 2012 to September 2015. Mr. Bruce served as the Director of Finance for M&Ms Brand, Director of Sales Finance, and Finance Manager Supply at Mars Chocolate N.A. from February 2008 to March 2012. Prior to that Mr. Bruce worked in various finance roles at Frito Lay, Inc. from January 2004 to February 2008 where he was the Group Manager Finance for Kroger, the Selling Expense Manager for the Mid-Atlantic Region, and Net Sales Manager for the Mid-Atlantic Region. Mr. Bruce earned an M.B.A. in Finance and Supply Chain Management from Pennsylvania State University, Altoona and a B.S. in Accounting from Millersville University.

Pursuant to the terms of Mr. Bruce’s employment agreement (the “Bruce Employment Agreement”) effective as of the Effective Date, Mr. Bruce’s employment may be terminated at-will by either party, with or without notice. Mr. Bruce will receive a base salary of \$500,000 per year and be eligible for an annual discretionary bonus with a target amount of 70% of his base salary based on the achievement of certain corporate and/or individual objectives and milestones that are determined by the Board of Directors of the Company (the “Board”). He will be eligible to participate in the benefit and perquisite programs available to Company executives, will be eligible for a lump sum payment of \$100,000 (less any applicable withholdings) if he relocates to Southern California within 24 months following the Effective Date, will be entitled to a sign-on bonus of \$150,000 (less any applicable withholdings) to be paid in the first payroll cycle following the Effective Date, and will be eligible for a sign-on bonus of \$125,000 (less any applicable withholdings) to be paid in equal installments six months and 12 months from the Effective Date subject to his continuous employment on those dates. Subject to his employment on the grant date and approval of the Board, Mr. Bruce will be granted restricted stock units (“RSUs”) with a grant date value of approximately \$1,000,000 (“Sign-On Grant”), 25% of which will vest on the Company’s first quarterly vesting date closest to the first anniversary of the Effective Date and 1/12th of the remaining RSUs will vest on each of the Company’s next 12 quarterly vesting dates, subject to the terms and conditions of the Company’s 2023 Inducement Plan. The number of RSUs subject to the Sign-On Grant is calculated by dividing the value of the Sign-On Grant by the 30-day trailing average of the closing price of a share of the Company’s common stock on the grant date. Subject to his continuous employment and approval of the Board, Mr. Bruce will receive a grant with a value of \$800,000 (“Refresh Grant”) in the first quarter of 2026. 25% of the Refresh Grant will vest on the Company’s first quarterly vesting date following the first anniversary of the grant date and 1/12th of the remaining RSUs will vest on each of the Company’s next 12 quarterly vesting dates, subject to the terms and conditions of the Company’s 2021 Equity Incentive Plan. The number of RSUs subject to the Refresh Grant is calculated by dividing the value of the Refresh Grant by the 30-day trailing average of the closing price of a share of the Company’s common stock on the grant date. The sign-on cash bonus will be subject to any recoupment policy adopted by the Company or as required by law. A copy of the Bruce Employment Agreement is attached as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2025. The foregoing description of the Bruce Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Bruce Employment Agreement.

Mr. Bruce will be entitled to receive severance benefits in the event his employment is terminated by the Company without cause or he resigns for good reason, provided he remains in compliance with the terms of the Bruce Employment Agreement. In the event of such termination or resignation, Mr. Bruce will receive (i) severance of 12 months of his then-current base salary paid in a continuation on the Company’s regular payroll, (ii) his annual pro-rated bonus, based on the achievement of certain corporate and/or individual objectives and milestones that are determined by the Board, for the year in which such termination or resignation occurs, and (iii) up to 12 months of COBRA group health insurance continuation. The severance benefits are conditioned upon Mr. Bruce signing and not revoking a separation agreement and release of claims by no later than the 60th day after the employment termination

and resigning from all positions and terminating any relationships as an employee, advisor, officer or director with the Company and its affiliates as of the date of termination.

The Company expects that Mr. Bruce will enter into the Company's standard form of indemnification agreement, a form of which was filed as Exhibit 10.6 to the Company's Registration Statement on Form S-1 (File No. 333-255150), filed with the Securities and Exchange Commission on April 20, 2021.

The selection of Mr. Bruce to serve as the Company's Chief Financial Officer was not pursuant to any arrangement or understanding with respect to any other person. In addition, there are no family relationships between Mr. Bruce and any director or executive officer of the Company. Mr. Bruce has not been a party to any transaction with the Company or its subsidiaries of the type required to be disclosed pursuant to Item 404(a) of Regulation S-K, and no such transaction is currently contemplated.

Departure of Chief Financial Officer

As previously disclosed, on January 6, 2025, Dave Loretta notified the Company of his intention to retire during the 2025 fiscal year, effective as of a date that is mutually acceptable to Mr. Loretta and the Company after a successor has been hired. Mr. Loretta will retire as of the Effective Date from his current role as Chief Financial Officer of the Company, and his employment with the Company will terminate on June 16, 2025 (the "Departure Date"). Between the Effective Date and the Departure Date, Mr. Loretta will assist in the transition with the Company's new Chief Financial Officer. Until the Departure Date Mr. Loretta will continue to receive his current base salary and other benefits currently provided to him, including his bonus for 2025 as determined by the Board based on the achievement of applicable performance goals, prorated based on the number of days he was employed by the Company in 2025 (the "2025 Bonus"). Mr. Loretta will be entitled to receive the 2025 Bonus, if any, even though such amounts will be paid following the Departure Date, no later than March 15, 2026.

The Compensation Committee of the Board approved the principal terms of Mr. Loretta's retirement on May 1, 2025. The Company anticipates that it will enter into a retirement agreement (the "Retirement Agreement") with Mr. Loretta, which, together with his Employment Agreement dated as of August 31, 2023 (the "Loretta Employment Agreement"), will govern the terms of his separation from the Company. Mr. Loretta's retirement will be treated as a termination of his employment without cause pursuant to the Loretta Employment Agreement for all purposes. The principal terms of Mr. Loretta's retirement arrangement are summarized below.

Under the Retirement Agreement, Mr. Loretta will receive the payments described under the Loretta Employment Agreement in the event he is terminated without cause, as follows: (i) 12 months of his current annual base salary paid as a continuation of the Company's regular payroll; (ii) the 2025 Bonus; and (iii) up to 12 months of COBRA group health insurance continuation. The Retirement Agreement will contain a general release and waiver of claims pursuant to which Mr. Loretta agrees to release the Company and certain other parties from any and all claims, charges, causes of action and damages arising on or prior to his execution of the Retirement Agreement.

Item 7.01 Regulation FD Disclosure.

On May 7, 2025, the Company issued a press release announcing Mr. Bruce's appointment. The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information in this Item 7.01 and the related exhibit are being furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or incorporated by reference in any filing under the Securities Act, or the Exchange Act whether made before or after the date of this report, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Earnings Press Release, dated May 7, 2025
99.2	Press Release, dated May 7, 2025.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements 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 Honest Company, Inc.

Date: May 7, 2025

By: /s/ David Loretta

Name: David Loretta

Title: Executive Vice President, Chief Financial Officer

The Honest Company Reports First Quarter 2025 Results

Achieves Quarterly Revenue of \$97 Million, an Increase of 13% from Prior Year Quarter
Delivers Net Income of \$3 Million and Expands Gross Margin 170 Basis Points to 39% from Prior Year Quarter
Reaffirms Full Year 2025 Financial Outlook

LOS ANGELES, Calif. – May 7, 2025 – The Honest Company (NASDAQ: HNST), a personal care company dedicated to creating cleanly-formulated and sustainably-designed products, today reported financial results for the three months ended March 31, 2025.

First Quarter 2025 Financial Highlights Compared to Prior Year Period:

- Revenue of \$97 million increased 13%
- Gross margin of 39% expanded 170 basis points
- Net income of \$3 million, compared to net loss of \$1 million
- Adjusted EBITDA⁽¹⁾ of \$7 million improved by \$4 million

“Our first quarter results demonstrate our solid start to 2025, with double-digit revenue growth, gross margin expansion, and positive net income in the period reflecting the continued strength of our strategy and disciplined execution of our team,” said Chief Executive Officer, Carla Vernón. “Our Transformation Pillars of Brand Maximization, Margin Enhancement, and Operating Discipline have enabled us to navigate a dynamic environment with agility and focus. With a healthy balance sheet and growing consumer demand for our cleanly-formulated and sustainably-designed products, we remain confident that our long-term growth strategy positions us well to scale across our categories and grow the Honest Brand. As we continue to navigate evolving market conditions and manage the impact of economic headwinds, we are reaffirming our full year 2025 financial outlook.”

First Quarter Results

(All comparisons are versus the first quarter of 2024)

	For the three months ended March 31,		
	2025	2024	Change
<i>(In thousands, except percentages)</i>			
Revenue	\$ 97,250	\$ 86,217	12.8 %
Gross margin	38.7 %	37.0 %	170 bps
Operating expenses	\$ 35,163	\$ 33,197	\$ 1,966
Net income (loss)	\$ 3,254	\$ (1,403)	\$ 4,657
Adjusted EBITDA ⁽¹⁾	\$ 6,929	\$ 2,642	\$ 4,287
Net income (loss) margin	3.3 %	(1.6) %	490 bps
Adjusted EBITDA Margin ⁽¹⁾	7.1 %	3.1 %	400 bps

Revenue increased 13% to \$97 million compared to \$86 million, driven by strong performance across our wipes portfolios and baby personal care products. Tracked channel consumption⁽²⁾ for the Company grew 8%, outperforming the comparative categories, which were down 1% in the same period. Consumption⁽³⁾ for the Company’s products at the Company’s largest digital customer increased 28%.

(1) See the reconciliation of adjusted EBITDA and adjusted EBITDA Margin, non-GAAP financial measures, to net income (loss) and net income (loss) margin in the table under “Use of Non-GAAP Financial Measures” below in this press release.

(2) According to Circana, Inc. MULO+ tracked channel consumption data. Reflects consumption for diapers, wipes, cosmetics, and baby and adult personal care for the latest 13 weeks ended April 6, 2025.

(3) According to Fuelcomm, Inc. (“Stackline”) consumption data for the 13 weeks ended April 6, 2025.

Gross margin expanded 170 basis points to 38.7% compared to 37.0%. This growth was primarily driven by product cost savings, supply chain cost savings and product mix.

Operating expenses increased \$2 million to \$35 million. Operating expenses as a percentage of revenue decreased 230 basis points. The increase in operating expenses was primarily driven by an increase in marketing expenses, partially offset by a decrease in selling, general & administrative expenses as the Company continues to maintain expense discipline across the enterprise.

Net income increased approximately \$5 million to \$3 million compared to a net loss of \$1 million.

Adjusted EBITDA⁽¹⁾ was \$7 million compared to \$3 million. This represents the Company's sixth consecutive quarter of positive adjusted EBITDA.

(1) See the reconciliation of adjusted EBITDA and Adjusted EBITDA Margin, non-GAAP financial measures, to net income (loss) and net income (loss) margin in the table under "Use of Non-GAAP Financial Measures" below in this press release.

Balance Sheet and Cash Flow

The Company ended the first quarter of 2025 with \$73 million in cash and cash equivalents, an increase of \$39 million compared to the first quarter of 2024, primarily from the exercise of stock options granted prior to the Company's initial public offering. The Company had no debt on its balance sheet as of March 31, 2025.

Net cash used in operating activities was \$3 million for the three months ended March 31, 2025, compared to net cash provided by operating activities of \$336 thousand in the prior year period.

Reaffirmed Full Year 2025 Outlook

The Company is reaffirming its financial outlook for the full fiscal year 2025 for revenue and adjusted EBITDA. Our financial outlook reflects what we currently know about tariffs related to our product sourcing in China, but it is uncertain at this time to what extent trade policy, tariff rates, and other changes in practices affecting international trade might have an adverse effect on our business, results of operation, and our financial outlook. As of today, our diapers are USMCA-compliant⁽²⁾ goods and are currently exempt from the March 4, 2025 tariff on goods from Mexico. For 2025, the Company continues to expect:

- Revenue growth of 4% to 6%
- Positive Adjusted EBITDA⁽¹⁾ in the range of \$27 million to \$30 million

(1) We do not provide guidance for the most directly comparable GAAP measure, net income (loss), and similarly cannot provide a reconciliation between our adjusted EBITDA outlook and net income (loss) without unreasonable effort due to the unavailability of reliable estimates for certain components of net income (loss), including interest and other (income) expense, net, and the respective reconciliations. These items are not within our control and may vary greatly between periods and could significantly impact our financial results calculated in accordance with GAAP.

(2) USMCA refers to United States–Mexico–Canada Agreement.

Webcast and Conference Call Information

A webcast and conference call to discuss first quarter 2025 results is scheduled for today, May 7, 2025, at 1:45 p.m. Pacific time/4:45 p.m. Eastern time. Those interested in participating in the conference call by phone, please go to this link <https://register-conf.media-server.com/register/B12f586548a5c5439f921a67b858396a1e> and you will be provided with dial in details. A live webcast of the conference call will be available online at: <https://investors.honest.com>. A replay of the webcast will be available on the Company's website for one year.

Forward-Looking Statements

This press release and earnings call referencing this press release contain forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this press release are forward-looking statements. Such statements may address the Company's expectations regarding revenue, profit margin or other future financial performance and liquidity, other performance measures and cost savings, strategic initiatives and future operations or operating results. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning our expectations regarding future results of operations and financial condition, including our revenue and adjusted EBITDA outlook for 2025; our expectations under our long-term financial algorithm and growth strategy; our ability to scale across our categories and grow the Honest Brand; our ability to navigate evolving market conditions and manage the impact of economic headwinds; our expectations on the impact of tariffs on our business; our ability to achieve or sustain profitability and continue generating positive cash flow; continued positive momentum in our business and strength of the Honest brand; our ability to continue to benefit from our Transformation Pillars of Brand Maximization, Margin Enhancement, and Operating Discipline; and other business strategies, plans and objectives of management for future operations.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this press release and the earnings call referencing this press release primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results.

The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” in the Annual Report, on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission on February 26, 2025, and subsequent filings with the Securities and Exchange Commission. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this press release or the earnings call referencing this press release. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that contain “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this press release. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this press release and the earnings call referencing this press release relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

About The Honest Company

The Honest Company (NASDAQ: HNST) is a personal care company dedicated to creating cleanly-formulated and sustainably-designed products spanning categories across diapers, wipes, baby personal care, beauty, apparel, household care and wellness. Founded in 2012, the Company is on a mission to challenge ingredients, ideals, and industries through the power of the Honest brand, the Honest team, and the Honest Standard. For more information about the Honest Standard and the Company, please visit www.honest.com.

Investor Contacts:

Elizabeth Bouquard
ebouquard@thehonestcompany.com

Investor Inquiries:

investors@thehonestcompany.com

Media Contact:

Brenna Israel Mast
bisrael@thehonestcompany.com

The Honest Company, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(in thousands, except share and per share amounts)

	For the three months ended March 31,	
	2025	2024
Revenue	\$ 97,250	\$ 86,217
Cost of revenue	59,580	54,335
Gross profit	37,670	31,882
Operating expenses		
Selling, general and administrative	21,041	22,420
Marketing	12,270	9,096
Research and development	1,852	1,681
Total operating expenses	35,163	33,197
Operating income (loss)	2,507	(1,315)
Interest and other income (expense), net	787	(63)
Income (loss) before provision for income taxes	3,294	(1,378)
Income tax provision	40	25
Net income (loss)	\$ 3,254	\$ (1,403)
Net income (loss) per share attributable to common stockholders:		
Basic	\$ 0.03	\$ (0.01)
Diluted	\$ 0.03	\$ (0.01)
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders:		
Basic	109,552,550	96,273,168
Diluted	114,571,119	96,273,168
Comprehensive income (loss)	\$ 3,254	\$ (1,403)

The Honest Company, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 72,818	\$ 75,435
Accounts receivable, net	42,759	43,476
Inventories	90,262	85,266
Prepaid expenses and other current assets	28,782	9,741
Total current assets	234,621	213,918
Operating lease right-of-use asset	15,599	17,239
Property and equipment, net	10,558	11,394
Goodwill	2,230	2,230
Intangible assets, net	216	235
Other assets	2,080	2,377
Total assets	<u>\$ 265,304</u>	<u>\$ 247,393</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 22,782	\$ 22,807
Accrued expenses	50,065	35,869
Deferred revenue	1,110	1,213
Total current liabilities	73,957	59,889
Long term liabilities		
Operating lease liabilities, net of current portion	10,990	13,197
Total liabilities	84,947	73,086
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized at March 31, 2025 and December 31, 2024, none issued or outstanding as of March 31, 2025 and December 31, 2024	—	—
Common stock, \$0.0001 par value, 1,000,000,000 shares authorized at March 31, 2025 and December 31, 2024; 110,488,696 and 109,159,697 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	11	11
Additional paid-in capital	662,284	659,488
Accumulated deficit	(481,938)	(485,192)
Total stockholders' equity	180,357	174,307
Total liabilities and stockholders' equity	<u>\$ 265,304</u>	<u>\$ 247,393</u>

The Honest Company, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the three months ended March 31,	
	2025	2024
Cash flows from operating activities		
Net income (loss)	\$ 3,254	\$ (1,403)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	717	717
Stock-based compensation	2,412	2,523
Amortization of operating ROU assets	1,640	1,593
Other	1,122	(2,111)
Changes in assets and liabilities:		
Accounts receivable, net	738	2,559
Inventories	(5,768)	1,117
Prepaid expenses and other assets	902	471
Accounts payable, accrued expenses and other long-term liabilities	(5,757)	(2,873)
Deferred revenue	(103)	(269)
Operating lease liabilities	(2,095)	(1,988)
Net cash (used in) provided by operating activities	(2,938)	336
Cash flows from investing activities		
Purchases of property and equipment	(62)	(76)
Net cash used in investing activities	(62)	(76)
Cash flows from financing activities		
Proceeds from exercise of stock options	384	508
Payments on finance lease liabilities	(1)	(10)
Net cash provided by financing activities	383	498
Net (decrease) increase in cash and cash equivalents	(2,617)	758
Cash and cash equivalents		
Beginning of the period	75,435	32,827
End of the period	<u>\$ 72,818</u>	<u>\$ 33,585</u>
Supplemental disclosures of noncash activities		
Capital expenditures included in accounts payable and accrued expenses	\$ —	\$ 1

The Honest Company, Inc.
Use of Non-GAAP Financial Measures

We prepare and present our condensed consolidated financial statements in accordance with GAAP. However, management believes that adjusted EBITDA and adjusted EBITDA margin, non-GAAP financial measures, provides investors with additional useful information in evaluating our performance.

We calculate adjusted EBITDA as net income (loss), adjusted to exclude: (1) interest and other (income) expense, net; (2) income tax provision; (3) depreciation and amortization; (4) stock-based compensation expense, including payroll tax; (5) litigation and settlement fees associated with certain non-ordinary course securities litigation claims; and (6) founder and former Chief Creative Officer (“CCO”) transition expenses. The Company calculates adjusted EBITDA margin by dividing adjusted EBITDA by revenue.

Adjusted EBITDA and adjusted EBITDA margin are financial measures that are not required by, or presented in accordance with GAAP. We believe that adjusted EBITDA and adjusted EBITDA margin, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of adjusted EBITDA and adjusted EBITDA margin are helpful to our investors as they are measures used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

Adjusted EBITDA and adjusted EBITDA margin are presented for supplemental informational purposes only, have limitations as analytical tools and should not be considered in isolation or as substitutes for financial information presented in accordance with GAAP. Some of the limitations of adjusted EBITDA and adjusted EBITDA margin include that (1) they do not reflect capital commitments to be paid in the future; (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and adjusted EBITDA and adjusted EBITDA margin do not reflect these capital expenditures; (3) they do not consider the impact of stock-based compensation expense; (4) they do not reflect other non-operating expenses, including interest expense; (5) they do not reflect tax payments that may represent a reduction in cash available to us; and (6) they do not include certain non-ordinary cash expenses that we do not believe are representative of our business on a steady-state basis, such as founder/CCO transition expenses. In addition, our use of adjusted EBITDA and adjusted EBITDA margin may not be comparable to similarly titled measures of other companies because they may not calculate adjusted EBITDA and adjusted EBITDA margin in the same manner, limiting their usefulness as comparative measures. Because of these limitations, when evaluating our performance, you should consider adjusted EBITDA and adjusted EBITDA margin alongside other financial measures, including our revenue, net income (loss) and other results stated in accordance with GAAP.

The following table presents a reconciliation of net income (loss) and net income (loss) margin, the most directly comparable financial measures stated in accordance with GAAP, to adjusted EBITDA and adjusted EBITDA margin, for each of the periods presented:

(In thousands)

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	For the three months ended March 31,	
	2025	2024
Net income (loss)	\$ 3,254	\$ (1,403)
Interest and other (income) expense, net	(787)	63
Income tax provision	40	25
Depreciation and amortization	717	717
Stock-based compensation	2,412	2,523
Securities litigation expense	1,036	402
Founder/CCO transition expense ⁽¹⁾	—	158
Payroll tax expense related to stock-based compensation	257	157
Adjusted EBITDA	<u>\$ 6,929</u>	<u>\$ 2,642</u>
Revenue	\$ 97,250	\$ 86,217
Net income margin	3.3 %	(1.6)%
Adjusted EBITDA margin	7.1 %	3.1 %

(1) Includes separation costs related to the termination of our former founder and CCO.

THE HONEST COMPANY ANNOUNCES APPOINTMENT OF CURTISS BRUCE AS CHIEF FINANCIAL OFFICER

Los Angeles, May 7, 2025 – The Honest Company (NASDAQ: HNST), a personal care company dedicated to creating cleanly-formulated and sustainably-designed products, today announced the appointment of Curtiss Bruce, seasoned finance executive, as the Company's new Chief Financial Officer, effective June 2, 2025.

Curtiss brings over 30 years of experience, including 10 years in executive-level finance roles, in the consumer products sector. He currently serves as Senior Vice President, Corporate Financial Planning and Analysis and Investor Relations at Hain Celestial Group. In this role, he has been instrumental in building and strengthening the Company's global financial capabilities, improving processes and operations, while leading the implementation of the company's first automated price-volume-mix analysis and global financial planning system. He also led investor relations and successfully strengthened communication with the investment community and helped shape a more agile, capable finance team. Prior to this role, he has worked at well-known consumer products companies, including Keurig Dr. Pepper, Kellogg and Kraft Heinz, where he led and supported a blend of emerging businesses and some of the food industries most iconic billion-dollar brands. At Keurig Dr. Pepper, Curtiss led the finance team with P&L responsibility for Beverage Concentrate and Warehouse Direct businesses managing a top-line revenue exceeding \$2 billion.

"Curtiss is a trusted and accomplished finance leader with deep experience across some of the world's most respected consumer brands. He's recognized not just for driving sustainable revenue and profit growth, but for the way he does it—by leading from the front and building strong teams. His ability to instill both financial and operational discipline, while empowering those around him truly sets him apart," said Carla Vernón, CEO of The Honest Company. "As we navigate a dynamic macro environment, Curtiss will be an invaluable partner in executing our Transformation Pillars, driving profitability, and operating with greater efficiency—all while staying laser-focused on delivering value to our shareholders. His passion for the work and his team, combined with the track record of driving growth, gives us full confidence that he is the right leader to help guide Honest into our next chapter of growth."

Reporting directly to Vernón, Curtiss will work alongside Honest's executive leadership team and lead the Finance, Accounting and Investor Relations organizations. As CFO, he will also work hand-in-hand with leadership to continue strategically executing the Company's Transformation Pillars of Brand Maximization, Margin Enhancement and Operating Discipline.

"The Honest Company has experienced an impressive turnaround and I'm looking forward to joining Carla in continuing to execute the Company's Transformation Pillars. Throughout my career, I've focused on building strong teams, maximizing operational efficiencies, and driving commercial success — all of which align closely with Honest's next chapter. With the brand's commitment to creating cleanly-formulated and sustainably-designed baby and personal care products, Honest is more relevant and important than ever," said Curtiss Bruce, incoming Chief Financial Officer. "I'm energized by the opportunity to help deliver the Company's strategy of topline growth, margin expansion and improved executional excellence. I look forward to working alongside Carla, whose leadership is truly inspiring, and the Honest team to take the brand to new heights."

Honest thanks Dave Loretta for his leadership and the lasting impact he has made on Honest's financial strength and strategic foundation. Curtiss's start date on June 2, 2025 will include ample transition time with Dave to allow for a smooth handoff and the Company is confident that the momentum of the Transformation Pillars will continue under Curtiss.

In connection with this announcement and our first quarter 2025 financial results being released today, Honest reaffirms its 2025 financial outlook and remains confident in our long-term plan with Curtiss leading our Finance team.

The Company will host an investor conference call and webcast to review first quarter 2025 financial results today, May 7, 2025, at 1:45pm PT/4:45pm ET. The live webcast can be accessed at <https://investors.honest.com>. For those interested in participating in the conference call by phone, please go to this link: <https://register-conf.media-server.com/register/BI2f586548a5c5439f921a67b858396a1e> and you will be provided with dial-in details directly to your registered email.

Forward-Looking Statements

This press release contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this press release, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning Honest executing our Transformation Pillars, driving profitability, operating with greater efficiency, delivering shareholder value, increasing revenue growth and margin expansion, continuing business momentum, and achievement of our 2025 financial outlook.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this press release and the earnings call referenced in this press release primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The forward-looking statements made in this press release relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

About The Honest Company

The Honest Company (NASDAQ: HNST) is a personal care company dedicated to creating cleanly-formulated and sustainably-designed products spanning categories across diapers, wipes, baby personal care, beauty, apparel, household care and wellness. Launched in 2012, the Company is on a mission to challenge ingredients, ideal, and industries through the power of the Honest brand, the Honest team, and the Honest Standard. For more information about the Honest Standard and the Company, please visit www.honest.com.

Media Contact:

Brenna Israel Mast

bisrael@thehonestcompany.com

Investor Inquiries:

Elizabeth Bouquard

ebouquard@thehonestcompany.com