

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2026

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 001-40378



The Honest Company, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)
12130 Millennium Drive, #500
Los Angeles, CA
(Address of Principal Executive Offices)

90-0750205
(I.R.S. Employer
Identification No.)

90094
(Zip Code)

(888) 862-8818
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)
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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

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

As of May 1, 2026, the registrant had 110,078,615 shares of common stock, \$0.0001 par value per share outstanding.

The Honest Company, Inc.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” (within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”)) about us and our industry that involve substantial risks and uncertainties. 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. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, those set forth in Part II, Item 1A, “Risk Factors,” and other factors set forth in other parts of this Quarterly Report on Form 10-Q as well as in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the “Annual Report”), filed with the Securities and Exchange Commission (“SEC”) on February 25, 2026. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. These forward-looking statements include, but are not limited to, statements concerning our expectations regarding our future results of operations and financial condition, including our expectations regarding revenue growth, Adjusted EBITDA margin expansion and our ability to achieve or maintain profitability; our ability to continue to launch new products; the implementation of our new share repurchase program and any share repurchases thereunder; our ability to attract and retain customers; our ability to execute on and to continue driving benefits from our Transformation Pillars of Brand Maximization, Margin Enhancement, and Operating Discipline; our timeline for and ability to successfully implement, execute, and derive benefits from our Powering Honest Growth program (as defined below), statements regarding the intended effect of Powering Honest Growth and our expectations regarding the estimated costs, benefits, timing of such costs and benefits and timing of completion of Powering Honest Growth; our pricing, marketing, and distribution strategies; our continued focus on research, development and innovation; our expectations regarding consumer demand or behavior and the timing and amount of orders from our largest customers; our ability to accelerate or continue growth in the high-margin categories and to offset declines in other categories; the effect of macroeconomic factors, including supply chain disruptions, tariffs, inflationary pressures, geopolitical uncertainty and any financial market instability; anticipated trends, growth rates, and challenges in our business and in the markets in which we operate; and our ability to execute on other business strategies, including strategic shift away from lower margin channels, plans and objectives of management for future operations.

PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

The Honest Company, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except share and per share amounts)

	March 31, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 90,367	\$ 89,581
Accounts receivable, net	34,035	33,761
Inventories	61,178	72,501
Prepaid expenses and other current assets	7,229	6,590
Total current assets	192,809	202,433
Operating lease right-of-use asset	9,677	11,351
Property and equipment, net	8,544	7,477
Goodwill	2,269	2,269
Intangible assets, net	145	162
Other assets	1,477	1,715
Total assets	\$ 214,921	\$ 225,407
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 15,087	\$ 15,134
Accrued expenses	27,667	35,685
Total current liabilities	42,754	50,819
Long term liabilities		
Operating lease liabilities, net of current portion	3,075	4,919
Total liabilities	45,829	55,738
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized at March 31, 2026 and December 31, 2025, none issued or outstanding as of March 31, 2026 and December 31, 2025	—	—
Common stock, \$0.0001 par value, 1,000,000,000 shares authorized at March 31, 2026 and December 31, 2025; 113,727,283 and 112,809,637 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	11	11
Treasury stock, at cost, 1,052,672 and 0 shares as of March 31, 2026 and December 31, 2025, respectively	(3,000)	—
Additional paid-in capital	673,001	670,536
Accumulated deficit	(500,920)	(500,878)
Total stockholders' equity	169,092	169,669
Total liabilities and stockholders' equity	\$ 214,921	\$ 225,407

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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,	
	2026	2025
Revenue	\$ 78,099	\$ 97,250
Cost of revenue	44,828	59,580
Gross profit	33,271	37,670
Operating expenses		
Selling, general and administrative	17,469	21,041
Marketing	13,993	12,270
Restructuring	606	—
Research and development	1,862	1,852
Total operating expenses	33,930	35,163
Operating (loss) income	(659)	2,507
Interest and other income (expense), net	663	787
Income before provision for income taxes	4	3,294
Income tax provision	46	40
Net (loss) income	\$ (42)	\$ 3,254
Net (loss) income per share attributable to common stockholders:		
Basic	\$ (0.00)	\$ 0.03
Diluted	\$ (0.00)	\$ 0.03
Weighted-average shares used in computing net (loss) income per share attributable to common stockholders:		
Basic	112,819,781	109,552,550
Diluted	112,819,781	114,571,119
Comprehensive (loss) income	\$ (42)	\$ 3,254

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

The Honest Company, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(in thousands, except share amounts)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances at December 31, 2024	109,159,697	\$ 11	—	\$ —	\$ 659,488	\$ (485,192)	\$ 174,307
Net income	—	—	—	—	—	3,254	3,254
Stock options exercised	75,000	—	—	—	384	—	384
Stock-based compensation	—	—	—	—	2,412	—	2,412
Vested restricted stock units	1,253,999	—	—	—	—	—	—
Balances at March 31, 2025	110,488,696	\$ 11	—	\$ —	\$ 662,284	\$ (481,938)	\$ 180,357

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances at December 31, 2025	112,809,637	\$ 11	—	\$ —	\$ 670,536	\$ (500,878)	\$ 169,669
Net loss	—	—	—	—	—	(42)	(42)
Repurchase of common stock	—	—	1,052,672	(3,000)	—	—	(3,000)
Stock-based compensation	—	—	—	—	2,465	—	2,465
Vested restricted stock units	917,646	—	—	—	—	—	—
Balances at March 31, 2026	113,727,283	\$ 11	1,052,672	\$ (3,000)	\$ 673,001	\$ (500,920)	\$ 169,092

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

	For the three months ended March 31,	
	2026	2025
Cash flows from operating activities		
Net (loss) income	\$ (42)	\$ 3,254
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	646	717
Stock-based compensation	2,465	2,412
Amortization of operating ROU assets	1,674	1,640
Other	212	1,122
Changes in assets and liabilities:		
Accounts receivable, net	(342)	738
Inventories	11,423	(5,768)
Prepaid expenses and other assets	(536)	902
Accounts payable, accrued expenses and other long-term liabilities	(7,700)	(5,757)
Deferred revenue	—	(103)
Operating lease liabilities	(2,278)	(2,095)
Net cash provided by (used in) operating activities	5,522	(2,938)
Cash flows from investing activities		
Purchases of property and equipment	(1,736)	(62)
Net cash used in investing activities	(1,736)	(62)
Cash flows from financing activities		
Repurchase of common stock	(3,000)	—
Proceeds from exercise of stock options	—	384
Payments on finance lease liabilities	—	(1)
Net cash (used in) provided by financing activities	(3,000)	383
Net increase (decrease) in cash and cash equivalents	786	(2,617)
Cash and cash equivalents		
Beginning of the period	89,581	75,435
End of the period	\$ 90,367	\$ 72,818
Supplemental disclosures of noncash activities		
Capital expenditures included in accounts payable and accrued expenses	\$ 456	\$ —

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

The Honest Company, Inc.
Notes to Condensed Consolidated Financial Statements
(in thousands, except share and per share amounts, percentages and as otherwise indicated)
(Unaudited)

1. Nature of Business

The Honest Company, Inc. (the "Company") was incorporated in the State of California on July 19, 2011 and on May 23, 2012 was re-incorporated in the State of Delaware under the same name. The Company is a personal care company dedicated to creating cleanly-formulated and sustainably-designed products for everyone from babies to adults. The Honest Standard, the Company's rigorous set of guiding principles that shape every step of product innovation and development, reflects Honest's ongoing dedication to safety, transparency and integrity. As a leader in clean and sustainable products, Honest continues to set a new standard for clean formulations, bringing joy to a community that seeks authenticity, transparency and efficacy in everyday essentials.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial information. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2025. The condensed consolidated financial statements are unaudited. The unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with that used to prepare the audited annual consolidated financial statements and include, in the opinion of management, all adjustments, consisting of normal recurring items, necessary for the fair statement of the condensed consolidated financial statements. The consolidated balance sheet as of December 31, 2025 has been derived from the audited financial statements at that date but does not include all of the disclosures required by GAAP. The condensed consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries after elimination of intercompany transactions and balances.

Restructuring

As further described in Note 12, "Restructuring," during 2025, the Company commenced a restructuring plan, Transformation 2.0: Powering Honest Growth ("Powering Honest Growth"). Powering Honest Growth is aimed at driving growth, improving simplicity, focus and profitability, which includes exiting certain lower margin, non-strategic categories and channels, including Honest.com fulfillment and the apparel category as a seller of merchandise, retail and online stores in Canada, as well as optimizing the Company's cost structure by rightsizing selling, general and administrative expenses and implementing supply chain efficiencies. Such restructuring costs include employee termination benefits (one-time arrangements), termination of contractual obligations, non-cash asset charges, primarily including technology taken out of service, and other direct incremental costs. The Company recorded employee termination liabilities once the Company committed to a plan and communicated such terminations to employees. Other costs associated with a restructuring initiative, such as consulting and professional fees, product or geographical exit costs, are recognized in the period in which the liability is incurred. Accrued restructuring costs as of March 31, 2026 and December 31, 2025 are recorded within Accrued Expenses in the condensed consolidated balance sheets. Refer to Note 12, "Restructuring" included in these condensed consolidated financial statements for more information on the Company's restructuring initiatives.

Segment Reporting and Geographic Information

The Company's principal business primarily focuses on creating cleanly-formulated and sustainably-designed products. The Company's Chief Executive Officer ("CEO"), as the chief operating decision maker ("CODM"), organizes the Company, manages resource allocations, and measures performance on the basis of one operating segment.

The Company evaluates performance based on consolidated net income (loss) to monitor budget versus actual results and period-over-period comparisons. The CODM additionally considers forecasted information on a quarterly basis for net income (loss) when making decisions regarding capital and personnel needs. The CODM reviews information at the consolidated entity level, and does not distinguish the principal business, or group the operations, by geographic locations or industry types for purposes of measuring performance or allocating resources. While the Company creates products that are sold across retail channels and, prior to December 31, 2025, direct-to-consumer ("DTC"), all products are managed as one brand of products under one operating and reportable segment. Furthermore, the Company notes that monitoring financial results as one reportable segment helps the CODM manage expenses on a consolidated basis, consistent with the Company's operations.

The Company does not regularly provide the CODM with more detailed segment expense information beyond what is included in the condensed consolidated statements of comprehensive income (loss). The significant expense categories which are

used to manage operations are those reflected in the Company's condensed consolidated statements of comprehensive income (loss). Refer to the condensed consolidated statements of comprehensive income (loss) included in the consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information.

All of the Company's long-lived assets are located in the United States and substantially all of the Company's revenue is from customers located in the United States.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. The Company's estimates, which are subject to varying degrees of judgment, include the valuation of inventories, sales returns and allowances, allowances for credit losses, valuation of short-term investments, capitalized software, useful lives associated with long-lived assets, goodwill impairment, incremental borrowing rates associated with leases, valuation allowances with respect to deferred tax assets, accruals and contingencies, recoverability of non-cash marketing credits, and the valuation and assumptions underlying stock-based compensation. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

The Company assessed certain accounting matters and estimates that generally require consideration of forecasted information in context with the information reasonably available to the Company as of March 31, 2026 and through the date these condensed consolidated financial statements were issued. Management is not aware of any specific event or circumstance that would require an update to estimates or judgments or a revision to the carrying value of assets or liabilities. However, these estimates and judgments may change as new events occur and additional information is obtained, which may result in changes being recognized in the Company's consolidated financial statements in future periods.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with stated maturities of three months or less from the date of purchase. Cash equivalents comprise amounts invested in money market funds.

Accounts Receivable

Accounts receivable are presented as net of allowance for credit losses. The Company does not accrue interest on its trade receivables. The Company evaluates accounts receivable estimated to be uncollectible by considering the lifetime expected credit losses of the Company's accounts receivable at time of inception, and records an allowance for credit losses, as necessary, with the balance of the Company's accounts receivable presented at the amortized cost. The Company considers factors in its allowance for credit losses such as historical analysis, credit quality of customers, the age of the accounts receivable balances and macroeconomic conditions that may have an impact on the Company's customers' ability to pay. As discussed further below, the Company elected the practical expedient to assume that current conditions as of the balance sheet date will not change for the remaining life of the accounts receivable. The allowance for credit losses was \$0.2 million as of March 31, 2026 and December 31, 2025.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the following hierarchy in measuring the fair value of the Company's assets and liabilities, focusing on the most observable inputs when available:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active for identical or similar assets and liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement of the assets or liabilities. Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Fair value is based on quoted market prices, if available. If listed prices or quotes are not available, fair value is based on internally developed models that primarily use market-based or independently sourced market parameters as inputs. Cash equivalents, consisting primarily of money market funds, represent highly liquid investments with maturities of three months or less at purchase. Market prices, which are Level 1 in the fair value hierarchy, are used to determine the fair value of the money market funds. Investments in debt securities are measured using broker provided indicative prices developed using observable market data, which are considered Level 2 in the fair value hierarchy. Certain assets, including long-lived assets, goodwill and

intangible assets are also subject to measurement at fair value on a non-recurring basis if they are deemed to be impaired as a result of an impairment review. The fair value of such assets is measured using Level 3 inputs in the fair value hierarchy.

Recent Accounting Pronouncements

As an “emerging growth company,” the Jumpstart Our Business Startups Act allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use the adoption dates applicable to private companies. As a result, the Company’s financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies.

Recently Issued Accounting Pronouncements - Adopted

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This update creates a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions under ASC 606 by assuming that current conditions at the balance sheet date will remain unchanged over the life of the asset. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2025, and interim periods within those annual reporting periods. The adoption of ASU No. 2025-05 did not have a material impact on the Company's consolidated financial statements or related disclosures.

Recently Issued Accounting Pronouncements - Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This update is to improve the disclosures of components of certain income statement expense items. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact that ASU No. 2024-03 will have on its consolidated financial statements or related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles - Goodwill and Other Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. This update is to modernize the accounting for software costs that are accounted for under Subtopic 350-40, Intangibles-Goodwill and Other-Internal-Use Software. The amendments in this update are effective for all entities for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The adoption of ASU No. 2025-06 is not expected to have a material impact on the Company's consolidated financial statements or related disclosures.

3. Revenue

Disaggregated Revenue

(In thousands)

	For the three months ended March 31,	
	2026	2025
Wipes	\$ 31,350	\$ 27,686
Personal Care and Other	25,921	21,737
Diapers	20,828	25,732
Honest.com, Apparel and Canada	—	22,095
Total revenue	\$ 78,099	\$ 97,250

Retail and Third-Party Ecommerce

For retail and third-party ecommerce sales, the Company’s performance obligation consists of the sale of finished goods to retailers and third-party ecommerce customers. Revenue is recognized when control of the promised goods is transferred to those customers at time of shipment or delivery, depending on the contract terms. After the completion of the performance obligation, the Company has the right to consideration as outlined in the contract. Payment terms vary among the retail and third-party ecommerce customers although terms generally include a requirement of payment within 30 to 45 days of product shipment.

Direct-to-Consumer

Effective December 31, 2025, the Company no longer sells direct-to-consumer through the Company’s website as part of Powering Honest Growth. For direct sales to the consumer through the Company's website, Honest.com, the Company's performance obligation consisted of the sale of finished goods to the consumer. Consumers may have purchased products at any

time or entered into subscription arrangements. Consumers placed orders online in accordance with the Company's standard terms and conditions and authorized payment when the order was placed. Credit cards were charged at the time of shipment and payments were typically processed within two to three business days. For subscription arrangements, consumers signed up to receive products on a periodic basis. Subscriptions were cancellable at any time without penalty, and no amounts were collected from the consumer until products were shipped. Revenue was recognized when transfer of control to the consumer took place, which is when the product was delivered to the carrier. Sales taxes collected from consumers were accounted for on a net basis and were excluded from revenue. The Company did not generate any revenue from Honest.com for three months ended March 31, 2026. Revenue generated from Honest.com was 11% of the Company's total revenue during the three months ended March 31, 2025.

Non-Monetary Transactions

The Company has in the past and may in the future enter into trade agreements with a vendor to exchange excess inventory for future marketing and transportation credits. The Company recognizes revenue reflecting the fair value of the marketing and transportation credits upon delivery of goods, with the corresponding short and long-term asset included in prepaid expenses and other current assets, and other assets in the accompanying condensed consolidated balance sheets. The Company may use the marketing and transportation credits over four years from the date of the respective agreement, with an option to extend for another two years if agreed upon by both parties. For the three months ended March 31, 2026 and 2025, the Company did not enter into any new trade agreements.

For the three months ended March 31, 2026 and 2025, the Company did not recognize any revenue or associated cost of revenue related to these marketing and transportation credits. The Company assesses the recoverability of the marketing and transportation credits periodically. Factors considered in evaluating the recoverability include management's history of credit usage and future plans with respect to advertising, freight and other services for which these credits can be used. Any impairment losses are charged to marketing expense in the condensed consolidated statements of comprehensive income (loss) as they become determinable. For the three months ended March 31, 2026 and 2025, the Company recorded no impairment losses related to these credits and used an aggregate of \$0.2 million and \$0.4 million of credits, respectively.

4. Fair Value Measurements

Financial assets measured and recorded at fair value on a recurring basis consist of the following as of:

	March 31, 2026			
	Level 1	Level 2	Level 3	Total
<i>(In thousands)</i>				
Money market funds	\$ 71,205	\$ —	\$ —	\$ 71,205
Total cash equivalents	<u>\$ 71,205</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 71,205</u>
	December 31, 2025			
	Level 1	Level 2	Level 3	Total
<i>(In thousands)</i>				
Money market funds	\$ 65,607	\$ —	\$ —	\$ 65,607
Total cash equivalents	<u>\$ 65,607</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 65,607</u>

The carrying amounts for the Company's cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short maturities.

5. Credit Facilities

In March 2026, the Company entered into a First Amendment to Credit Agreement and First Amendment to Pledge and Security Agreement (the "Amendment") with JPMorgan Chase Bank, N.A. ("JPMorgan"), as administrative agent and lender, and the other lenders party thereto (together with JPMorgan, the "Lenders"), which amended the terms of the then existing first lien credit agreement (the "2023 Credit Facility"), extended the maturity date of the senior secured revolving credit facility (the "2026 Credit Facility") and modified the borrowing formula and modified the interest rate.

The 2026 Credit Facility provides a revolving credit facility in an aggregate principal amount of up to \$35.0 million (the "Commitment Amount") and includes a sub-facility that provides for the issuance of letters of credit in an amount of up to \$15.0 million at any time outstanding. If more than 50% of the Commitment Amount is outstanding, availability of the 2026 Credit Facility will be based upon a borrowing base formula and periodic borrowing base certifications valuing certain of the Company's accounts receivable and inventory as reduced by certain reserves, if any. The 2026 Credit Facility includes an uncommitted accordion feature that allows for increases in the Commitment Amount to as much as an additional \$35.0 million, for up to \$70.0 million.

million in potential revolving commitments. The 2026 Credit Facility is subject to customary fees for loan facilities of this type, including a commitment fee based on the average daily undrawn portion of the 2026 Credit Facility. The Company recognizes the commitment fee as incurred in interest and other income (expense), net in the condensed consolidated statements of comprehensive income (loss). For the three months ended March 31, 2026, the commitment fee incurred was immaterial. As of March 31, 2026, there was \$1.5 million of outstanding letters of credit. As of March 31, 2026, there was no outstanding borrowing under the 2026 Credit Facility, but the letters of credit reduce the amount available under the 2026 Credit Facility on a dollar-for-dollar basis.

The interest rate applicable to the 2026 Credit Facility will be, at the Company's option, either (a) the Adjusted Term SOFR Rate (subject to a 0.00% floor), plus a margin ranging from 1.75% to 2.25% or (b) the CB floating rate, (i) plus a margin of 0.00% or 0.25% or (ii) minus a margin of 0.25%. The margin will be based upon the Company's leverage ratio. The CB floating rate is the higher of (a) the Wall Street Journal prime rate and (b) 2.50%.

The 2026 Credit Facility will terminate and borrowings thereunder, if any, will be due in full on March 31, 2029. Debt under the 2026 Credit Facility will be guaranteed by substantially all of the Company's material domestic subsidiaries and will be secured by substantially all of the Company's and such subsidiaries' assets.

The Company is subject to certain affirmative and negative covenants including financial covenants related to a minimum total fixed charge coverage ratio and a maximum total leverage ratio, each calculated on a trailing four fiscal quarter basis at the end of each fiscal quarter. The 2026 Credit Facility also includes customary events of default. The 2026 Credit Facility contains covenants that restrict, among other things, the Company's ability to sell assets, make investments and acquisitions, incur indebtedness, grant liens, change the Company's lines of business, pay dividends and make certain other restricted payments, each subject to customary exceptions. Failure to do so, unless waived by the Lenders under the 2026 Credit Facility pursuant to its terms would result in an event of default under the 2026 Credit Facility. As of March 31, 2026, the Company is in compliance with all covenants under the 2026 Credit Facility.

6. Accrued Expenses

Accrued expenses consisted of the following:

<i>(In thousands)</i>	March 31, 2026	December 31, 2025
Payroll and payroll related expenses ⁽¹⁾	\$ 2,954	\$ 4,390
Accrued inventory purchases	2,555	8,387
Accrued marketing	3,450	1,181
Accrued rent ⁽²⁾	8,689	9,042
Accrued restructuring ⁽³⁾	4,552	4,534
Other accrued expenses	5,467	8,151
Total accrued expenses	\$ 27,667	\$ 35,685

(1) Includes \$0.1 million and \$0.2 million of executive transition related expenses as of March 31, 2026 and December 31, 2025, respectively.

(2) Represents short-term operating lease liabilities. Refer to Note 11, "Leases" included in these condensed consolidated financial statements for more information on leases.

(3) Refer to Note 12, "Restructuring" included in these condensed consolidated financial statements for more information on the Company's restructuring.

7. Commitments and Contingencies

Litigation

From time to time, the Company is subject to various claims and contingencies which are in the scope of ordinary and routine litigation incidental to its business, including those related to regulation, business transactions, employee-related matters and taxes, among others. When the Company becomes aware of a claim or potential claim, the likelihood of any loss or exposure is assessed. If it is probable that a loss will result and the amount or range of the loss can be reasonably estimated, the Company records a liability for the loss and discloses the possible loss in the consolidated financial statements.

A complaint was filed by Hayato Ono derivatively on behalf of the Company on November 29, 2021, in the U.S. District Court for the Central District of California ("Central District of California"), alleging breach of fiduciary duties, unjust enrichment, waste, gross mismanagement, and federal securities law violations by the Company's directors and certain officers (the "Ono Action"). On December 17, 2021, a second derivative complaint containing similar allegations against the Company's directors and certain officers was filed by Mike Wang in the Central District of California and consolidated with the Ono Action (together, the "California Federal Derivative Action"). A third derivative complaint was filed by Leah Bisch and Raluca Corobana

in California Superior Court for the County of Los Angeles on January 3, 2022, with similar allegations. A fourth derivative complaint was filed by David Butler in the U.S. District Court for the District of Delaware on October 19, 2022, with similar allegations. Each of these federal and state court derivative cases have been stayed. On December 18, 2025, the parties to all derivative cases reached an agreement in principle to settle the matters. On March 26, 2026, a motion for preliminary approval of the settlement was filed in the California Federal Derivative Action. A hearing on the motion for preliminary approval was held on April 29, 2026 and the final approval hearing is set on July 13, 2026. The settlement remains subject to preliminary and final approval by the court and certain other conditions and contingencies out of our control. The Company recorded the settlement amount of \$1.2 million within accrued expenses and a corresponding insurance recovery of \$1.2 million within prepaids and other current assets related to the legal settlement on the consolidated balance sheet as of March 31, 2026, and December 31, 2025. The determination that the recorded insurance recovery receivable was probable of collection was based on the terms of the applicable insurance policies, settlement agreement, and communications with the insurers.

On November 5, 2025, the Company filed a complaint in the U.S. District Court for the Central District of California (the "Court") alleging that Butterblu, LLC ("Butterblu") breached the supplier services agreement, as amended, that the Company and Butterblu had entered into as of August 15, 2022 (the "Supplier Services Agreement") pursuant to which Butterblu provides certain design, manufacturing, sales and marketing services to the Company in connection with the Company's apparel products. The Company voluntarily dismissed the complaint on November 21, 2025 related to a temporary extension of the Supplier Services Agreement. Following the conclusion of the temporary extension of the Supplier Services Agreement in December 2025, the Company filed an updated complaint on January 2, 2026. The Company has requested monetary damages and declaratory relief as determined by the Court. On February 11, 2026, Butterblu filed a complaint against the Company in the California Superior Court for the County of Los Angeles alleging breach of contract, breach of implied contract, breach of implied covenant of good faith and fair dealing, quantum meruit, promissory estoppel, intentional interference with contract, and intentional interference with prospective economic relations related to the parties' obligations under the Supplier Services Agreement. These matters are in the preliminary stages of litigation with uncertain outcomes at this time. Therefore, the Company cannot estimate the probability of gain or loss, or make an estimate of the gain or loss or range of gain or loss in these matters.

As of March 31, 2026 and December 31, 2025, the Company was not subject to any other currently pending legal matters or claims that based on its current evaluation are expected to have a material adverse effect on its financial position, results of operations, or cash flows should such matters be resolved unfavorably.

Tariffs

Following the February 2026 U.S. Supreme Court ruling that invalidated specific tariffs under the International Emergency Economic Powers Act ("IEEPA"), the Company is evaluating its eligibility for refunds of previously paid import duties. Due to the inherent uncertainty surrounding the timing and recoverability of these refunds, no receivable or corresponding offset to expense or asset was recognized as of March 31, 2026. Management continues to monitor these developments, including potential revenue adjustments related to contractual refund obligations to third-party manufacturers.

Indemnifications

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. These indemnifications may survive termination of the underlying agreement and the maximum potential number of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential number of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company has never been involved in litigation in connection with these indemnification arrangements. As of March 31, 2026 and December 31, 2025, the Company has not accrued a liability for these guarantees as the likelihood of incurring a payment obligation, if any, in connection with these guarantees is not probable or reasonably estimable due to the unique facts and circumstances involved.

8. Stockholders' Equity

Stock Options

The following table summarizes the stock option activity:

	<u>Number of Options</u>		<u>Weighted Average Exercise Price</u>
Outstanding at December 31, 2025	4,252,490	\$	5.45
Granted	—	\$	—
Exercised	—	\$	—
Forfeited/Cancelled	(6,000)	\$	5.23
Outstanding at March 31, 2026	<u>4,246,490</u>	\$	5.45

2021 Equity Incentive Plan

In April 2021, the Company's board of directors adopted the Company's 2021 Equity Incentive Plan (the "2021 Plan"), which became effective in connection with the IPO. All equity-based awards granted on or after the effectiveness of the 2021 Plan are granted under the 2021 Plan. The 2021 Plan provides for grants of incentive stock options ("ISOs") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), to the Company's employees and its subsidiary corporations' employees, and for the grant of nonstatutory stock options ("NSOs"), stock appreciation rights, restricted stock awards, restricted stock units ("RSUs") awards, performance awards and other forms of awards to the Company's employees, directors and consultants and any of its affiliates' employees and consultants. Initially, the maximum number of shares of the Company's common stock that may be issued under its 2021 Plan will not exceed 25,025,580 shares of the Company's common stock. In addition, the number of shares of the Company's common stock reserved for issuance under its 2021 Plan will automatically increase on January 1 of each year for a period of ten years, beginning on January 1, 2022 and continuing through January 1, 2031, in an amount equal to (1) 4% of the total number of shares of the Company's common stock outstanding on December 31 of the immediately preceding year, or (2) a lesser number of shares determined by the Company's board of directors prior to the date of the increase. On January 1, 2026, 4,498,671 additional shares were reserved for issuance pursuant to this provision. The maximum number of shares of the Company's common stock that may be issued on the exercise of ISOs under its 2021 Plan is 75,100,000 shares.

2023 Inducement Plan

In March 2023, the Company's Compensation Committee adopted the 2023 Inducement Plan (the "2023 Inducement Plan"). The 2023 Inducement Plan reserved 4,000,000 shares of the Company's common stock for issuance under the 2023 Inducement Plan to individuals who satisfy the standards for inducement grants under the relevant Nasdaq Stock Market rules. As of March 31, 2026, there were 738,806 shares available for future grant under the 2023 Inducement Plan.

The following table summarizes the RSU activity under the 2021 Equity Incentive Plan and the 2023 Inducement Plan:

	<u>Number of Shares</u>		<u>Weighted Average Grant Date Fair Value Per Share</u>	
	<u>Non-Employee Directors</u>	<u>Directors, Officers and Employees</u>	<u>Non-Employee Directors</u>	<u>Directors, Officers and Employees</u>
Unvested RSUs at December 31, 2025	418,924	5,266,468	\$ 4.28	\$ 3.92
Granted	112,157	4,892,417	\$ 2.58	\$ 2.45
Vested	(28,038)	(889,608)	\$ 2.58	\$ 4.09
Forfeited	—	(289,002)	\$ —	\$ 4.35
Unvested RSUs at March 31, 2026	<u>503,043</u>	<u>8,980,275</u>	\$ 4.00	\$ 3.09

As of March 31, 2026, there was \$27.3 million of unrecognized stock-based compensation expense related to unvested RSUs, which is expected to be recognized over a weighted-average period of 3.0 years.

2021 Employee Stock Purchase Plan

In April 2021, the Company's board of directors adopted the Company's 2021 Employee Stock Purchase Plan (the "2021 ESPP"). The Company initially authorized the issuance of 1,175,000 shares of common stock under the 2021 ESPP. In addition, the number of shares available for issuance under the 2021 ESPP will be annually increased on January 1 of each year for a period of ten years, beginning on January 1, 2022 and continuing through January 1, 2031 by the lesser of (i) 1% of the total number of shares of common stock outstanding on December 31 of the immediately preceding year; and (ii) 3,525,000 shares, except before the date of any such increase, the Company's board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii). On January 1, 2026, 1,124,667 additional shares were reserved for issuance pursuant to this provision. Subject to any limitations contained therein, the 2021 ESPP allows eligible employees to contribute (in the form of payroll deductions or otherwise to the extent permitted by the administrator) an amount established by the administrator from time to time in its discretion to purchase common stock at a discounted price per share.

Under the 2021 ESPP, eligible employees are granted the right to purchase shares of common stock at the lower of 85% of the fair value at the time of grant or 85% of the fair value at the time of exercise. The right to purchase shares of common stock is granted in May and November of each year for an offering period of approximately six months. For the three months ended March 31, 2026, no shares were purchased under the 2021 ESPP. As of March 31, 2026, the Company had 5,783,016 remaining authorized shares available for purchase.

The following table summarizes the key input assumptions used in the Black-Scholes option-pricing model to estimate the grant-date fair value of the 2021 ESPP:

	March 31, 2026
Expected life of options (in years)	0.50
Expected stock price volatility	75.59%
Risk free interest rate	3.80%
Expected dividend yield	—%
Grant-date fair value per share	\$0.95

Share Repurchase Program

On February 20, 2026, the Company's Board of Directors approved the Company's first share repurchase program for up to \$25 million of its outstanding common stock. Under the program, share repurchases may be made at the Company's discretion from time to time in open market transactions or privately negotiated transactions, or by other means, including through Rule 10b5-1 trading plans. The timing and number of shares repurchased under the new program will depend on a variety of factors, including, without limitation, stock price, trading volume, and general business and market conditions. The repurchase program does not obligate the Company to purchase any shares, has no expiration date and may be modified, suspended or terminated at any time. The Company expects to fund repurchases with a combination of existing cash and cash equivalents and cash flows from operations. The Company repurchased 1,052,672 shares of common stock at an average share price of \$2.85 per share, for an aggregate amount of approximately \$3.0 million, during the three months ended March 31, 2026. As of March 31, 2026, approximately \$22 million remained available under the share repurchase program. Between April 1, 2026 and May 1, 2026, the Company repurchased 3,471,969 shares of common stock at an average share price of \$3.26 per share, for an aggregate amount of approximately \$11.3 million. Accordingly, as of May 1, 2026, approximately \$10.7 million remained available under the share repurchase program.

Stock-Based Compensation Expense

Stock-based compensation expense related to RSU awards under the 2021 Equity Incentive Plan and the 2023 Inducement Plan, 2021 ESPP purchases and stock options, as applicable, are as follows:

	For the three months ended March 31,	
	2026	2025
<i>(In thousands)</i>		
Selling, general and administrative	\$ 2,251	\$ 2,241
Research and development	214	171
Total stock-based compensation expense	<u>\$ 2,465</u>	<u>\$ 2,412</u>

9. Net Income (Loss) per Share Attributable to Common Stockholders

Basic net income (loss) attributable to common stockholders per share is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding. The Company

computes diluted net income (loss) per share under a two-class method where income is reallocated between common stock, potential common stock and participating securities, if any. Diluted net income (loss) per share attributable to common stockholders adjusts the basic net income (loss) per share attributable to common stockholders and the weighted-average number of shares of common stock outstanding for the potentially dilutive impact of stock options using the treasury stock method.

The following table sets forth the computation of the Company's basic and diluted net (loss) income per share attributable to common stockholders:

	For the three months ended March 31,	
	2026	2025
<i>(In thousands, except for share and per share values)</i>		
Numerator:		
Net (loss) income	\$ (42)	\$ 3,254
Net (loss) income attributable to common stockholders — basic	\$ (42)	\$ 3,254
Net (loss) income attributable to common stockholders - diluted	\$ (42)	\$ 3,254
Denominator:		
Weighted average shares of common stock outstanding — basic	112,819,781	109,552,550
Add: effect of dilutive RSUs	—	4,727,055
Add: effect of dilutive stock options	—	291,514
Weighted average shares of common stock outstanding - diluted	112,819,781	114,571,119
Net (loss) income per share, attributable to common shareholders:		
Basic	\$ (0.00)	\$ 0.03
Diluted	\$ (0.00)	\$ 0.03

The following potentially dilutive shares were excluded from the computation of diluted net (loss) income per share because including them would have been antidilutive:

	For the three months ended March 31,	
	2026	2025
Stock options to purchase common stock	4,250,468	51,000
Unvested restricted stock units	6,886,775	310,362
Employee stock purchase plan	48,833	20,753
Total	11,186,076	382,115

10. Income Taxes

In determining quarterly provisions for income taxes, the Company uses the annual estimated effective tax rate applied to the actual year-to-date income or loss, adjusted for discrete items arising in that quarter. The Company's annual estimated effective tax rate differs from the U.S. federal statutory rate of 21% primarily as a result of a valuation allowance against net deferred tax assets, stock-based compensation, state taxes, nondeductible executive compensation and other permanent differences.

The Company has evaluated the available positive and negative evidence supporting the realization of its gross deferred tax assets, including cumulative losses, and the amount and timing of future taxable income, and has determined it is more likely than not that the assets will not be realized. Accordingly, the Company has recorded a full valuation allowance against the U.S. federal and state deferred tax assets as of each balance sheet date presented. However, given the Company's recent profitability, the Company believes that there is a reasonable possibility that, in the near term, sufficient positive evidence may become available that supports the release of a portion of the Company's valuation allowance, which would result in the recognition of certain U.S. deferred tax assets and a decrease to income tax expense for the period in which the release is recorded. The exact timing and amount of the valuation allowance release if any would be subject to change based on the level of profitability that the Company can achieve.

During the three months ended March 31, 2026 and 2025, the Company has not recorded any uncertain tax positions and has not recognized interest or penalties in the condensed consolidated statements of comprehensive income (loss).

11. Leases

The Company's lease portfolio includes both real estate and non-real estate type leases, which are accounted for as either finance or operating leases. Real estate leases generally include office and warehouse facilities and non-real estate leases generally include office equipment and machinery. The Company determines if a contract is or contains a lease at inception. The Company's leases have remaining lease terms of one to less than six years.

The components of lease expense were as follows (in thousands):

	For the three months ended March 31,	
	2026	2025
Operating lease expense:		
Operating lease expense ⁽¹⁾	\$ 1,785	\$ 1,792
Sublease income	(501)	(501)
Total lease expense, net	<u>\$ 1,284</u>	<u>\$ 1,291</u>

(1) Represents the straight-line lease expense of operating leases, inclusive of amortization of ROU assets and the interest component of operating lease liabilities.

Based on the nature of the Right-Of-Use ("ROU") assets, amortization of operating ROU assets, operating lease expense and other lease expense are recorded within either cost of revenue or selling, general and administrative expenses and interest on finance lease liabilities is recorded within interest and other expense, net in the condensed consolidated statements of comprehensive income (loss).

The following tables set forth the amount of lease assets and lease liabilities included in the Company's condensed consolidated balance sheets (in thousands):

Assets	Financial Statement Line Item	March 31, 2026
Operating lease assets	Operating lease right-of-use asset	\$ 9,677
Total lease assets		<u>\$ 9,677</u>
Liabilities		
Current		
Operating lease liabilities	Accrued expenses	8,689
Non-current		
Operating lease liabilities	Operating lease liabilities, net of current portion	3,075
Total lease liabilities		<u>\$ 11,764</u>

Supplemental information related to the Company's leases for the three months ended March 31, 2026 was as follows:

Weighted-average remaining lease term (in years)		
Operating leases		1.7
Weighted-average discount rate		
Operating leases		2.49 %
Cash paid for amounts included in the measurement of lease liabilities (in thousands)		
Operating cash flows used in operating leases	\$	2,278

The Company did not have any non-cash ROU assets obtained in exchange for lease liabilities during the three months ended March 31, 2026 for either finance or operating leases.

12. Restructuring

Transformation 2.0: Powering Honest Growth

In October 2025, the Company's Board of Directors approved Transformation 2.0: Powering Honest Growth ("Powering Honest Growth") which builds upon the Company's original Transformation Pillars of Brand Maximization, Margin Enhancement and Operating Discipline. Powering Honest Growth is aimed at driving growth, improving simplicity, focus and profitability, which includes exiting certain lower margin, non-strategic categories and channels, including Honest.com fulfillment and the apparel category as a seller of merchandise, retail and online stores in Canada, as well as optimizing our cost structure by rightsizing selling, general and administrative expenses and implementing supply chain efficiencies.

Restructuring costs are one of the elements of Powering Honest Growth and are included in Restructuring on the statements of comprehensive income (loss):

- Contract and External Obligation Costs — include expense to terminate contracts prior to expiration, litigation and professional fees, and other costs associated with external obligations arising from restructuring.
- Employee and Personnel-Related Costs — primarily severance and other post-employment benefit costs, calculated based on salary levels, prior service, statutory minimum benefits, and other personnel-related expenses incurred as a result of restructuring.
- Asset and Other Restructuring-Related Costs — consist primarily of technology taken out of service.

The Company records costs associated with the restructuring once the relevant accounting criteria have been met.

Costs associated with Powering Honest Growth for the three months ended March 31, 2026 were as follows (in thousands):

Cost of Revenue ⁽¹⁾	\$	686
Restructuring Costs ⁽²⁾		606
Total	\$	<u>1,292</u>

(1) The Company incurred costs in connection with a warehouse closure which is included in cost of revenue on the consolidated statements of comprehensive loss.

(2) Refer to the restructuring table below for additional details of the costs included in restructuring costs.

Charges incurred to restructuring costs for the three months ended March 31, 2026 were:

	Restructuring Costs			Total
	Employee and Personnel-Related Costs	Asset and Other Restructuring- Related Costs	Contract and External Obligation Costs	
Charges for the three months ended March 31, 2026	\$ 304	\$ 302	\$ —	\$ 606

Changes in accrued expenses as of March 31, 2026 were:

	Accrued Restructuring-Related Costs ⁽¹⁾			Total
	Asset and Other Restructuring-Related Costs	Contract and External Obligation Costs	Employee and Personnel- Related Costs	
Balance at December 31, 2025	\$ 1,147	\$ 2,535	\$ 852	\$ 4,534
Charges	577	—	386	963
Cash payments	(259)	(13)	(673)	(945)
Other adjustments	—	—	—	—
Balance at March 31, 2026	<u>\$ 1,465</u>	<u>\$ 2,522</u>	<u>\$ 565</u>	<u>\$ 4,552</u>

(1) Included in accrued expenses as of March 31, 2026. Refer to Note 6, "Accrued Expenses" included elsewhere in these consolidated financial statements.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the “Annual Report”), filed with the Securities and Exchange Commission (“SEC”) on February 25, 2026. This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading “Special Note Regarding Forward-Looking Statements” in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading “Risk Factors” in this Quarterly Report on Form 10-Q as well as in the Annual Report for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements. Unless the context otherwise requires, all references in this Quarterly Report on Form 10-Q to “we,” “us,” “our,” “our company,” “the Company” and “Honest” refer to The Honest Company, Inc. and its consolidated subsidiaries.

Overview

Founded in 2012, The Honest Company (the “Company,” or “Honest,” which may also be referred to as “we,” “us” or “our”) is a personal care company dedicated to creating cleanly-formulated and sustainably-designed products for everyone from babies to adults. By combining thoughtful design with science-based innovation, we deliver personal care products for everyone from babies to adults, spanning categories across wipes, personal care, diapers, and beauty. Our commitment to our core values, continual innovation and engaging our community has differentiated and elevated our brand and our products. Since our launch, we have cultivated deep trust around what matters most to our consumers: their health, their families and their homes. We seek to meet consumers wherever they want to shop, balancing deep consumer connection with broad convenience and availability. We believe our distribution strategy positions us for continued growth through our trusted brand and award-winning multi-category product offerings.

The Honest Standard, the Company’s rigorous set of guiding principles that shape every step of product innovation and development, reflects Honest’s ongoing dedication to safety, transparency and integrity. As a leader in clean and sustainable products, Honest continues to set a new standard for clean formulations, bringing joy to a community that seeks authenticity, transparency and efficacy in everyday essentials. Honest products are available nationwide at major retailers, including Amazon, Target and Walmart.

Effective December 31, 2025, we have transitioned away from Honest.com as a shipping and fulfillment channel, while maintaining Honest.com as a resource for educating consumers, showcasing our complete product portfolio, and driving consumers to purchase through our leading retailers and their websites, and third-party ecommerce sites.

Transformation 2.0: Powering Honest Growth

In October 2025, our Board of Directors approved Transformation 2.0: Powering Honest Growth (“Powering Honest Growth,”) which builds upon our original Transformation Pillars of Brand Maximization, Margin Enhancement and Operating Discipline. Powering Honest Growth is aimed at driving growth, improving simplicity, focus and profitability, which includes exiting certain lower margin, non-strategic categories and channels, including Honest.com fulfillment and the apparel category as a seller of merchandise, as well as retail and online stores in Canada, optimizing our cost structure by rightsizing selling, general and administrative expenses and implementing supply chain efficiencies.

Powering Honest Growth is projected to result in the following:

- Costs associated with Powering Honest Growth, including restructuring costs, are expected to be approximately \$30.0 million to \$35.0 million to be recognized through the first quarter of 2027. Of this range, we expect approximately \$5.0 million to \$8.0 million to be related to restructuring costs, primarily comprising contractual and external obligation costs, employee and personnel-related costs and asset and other restructuring-related costs, and approximately \$25.0 million to \$27.0 million to be related to other costs included in cost of revenue, primarily related to a discrete inventory write-down related to exiting apparel category as a seller of merchandise, fixed asset impairments, and costs associated with a warehouse closure, some of which have already been incurred.
 - During the three months ended March 31, 2026, we have recognized \$1.3 million of costs related to Powering Honest Growth, for a total of approximately \$25.3 million recognized to date. See table below for additional details of the costs recognized in the three months ended March 31, 2026.
- Powering Honest Growth is expected to result in annualized benefits in the range of approximately \$10.0 million to \$15.0 million, and the Company has begun seeing benefits in 2026. These benefits include reduction in costs of revenue and reduction in operating expenses, offset by a decrease in revenue related to the exit of lower margin non-strategic portfolios.
- The cash impact of costs related to Powering Honest Growth is expected to be in the range of approximately \$13.0 million to \$18.0 million for the full years 2026 and 2027, with \$3.7 million cash paid to date and the remainder to be paid throughout 2026 and 2027.

- We expect the restructuring element of Powering Honest Growth to be substantially completed by December 31, 2026. We may incur other costs or cash expenditures not currently contemplated as a result of or in connection with Powering Honest Growth.

We expect to continue driving benefits from the three Transformation Pillars of Brand Maximization, Margin Enhancement, and Operating Discipline:

1) Brand Maximization

- Leveraging the strength of the Honest brand to drive growth through greater availability, expanded household penetration, product innovation, margin-accretive products, and marketing effectiveness.
- Pricing strategy as a driver of revenue is also a component of Brand Maximization.

2) Margin Enhancement

- Focusing our resources on the United States, which included the exit of our low-margin products in Europe and Asia in 2023 and, most recently, Canada in 2025.
- Exiting low-margin elements of cleaning and sanitization products in 2023 and apparel in 2025.
- Executing an inventory, or stock-keeping unit (“SKU”), rationalization program in 2023.
- Re-directing resources to accelerate cost savings, including optimization of our contract manufacturing strategies, optimization of our supply chain footprint and inventory management, along with leveraging technology to improve systems, reduced shipping and logistic costs, and product costs.
- Realigning resources to reflect the prioritization of higher-margin opportunities, including strategic shift away from our lower margin channels, including exiting our direct-to-consumer (“DTC”) channel in 2025.

3) Operating Discipline

- Focusing on improving our executional excellence in how we operate as an enterprise.
- Building a culture that emphasizes returns across growth drivers, including marketing, trade promotion, and innovation.
- Managing working capital including the reduction of inventory.
- Rightsizing selling and general and administrative costs.

Costs associated with Powering Honest Growth for the three months ended March 31, 2026 were as follows (in thousands):

Cost of Revenue ⁽¹⁾	\$	686
Restructuring Costs ⁽²⁾		606
Total	\$	<u>1,292</u>

(1) We incurred costs in connection with a warehouse closure which is included in cost of revenue on the consolidated statements of comprehensive loss.

(2) For further details on the restructuring element of Powering Honest Growth, refer to Note 12, “Restructuring” included in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Key Factors Affecting Our Performance

We believe that the growth of our business and our future success are dependent on many factors. While each of these factors presents significant opportunities for us, they also pose important challenges that we must successfully address to enable us to sustain the growth of our business and improve our operations while staying true to our mission, including those discussed below and in the section titled “Risk Factors” in this Quarterly Report on Form 10-Q and in our Annual Report.

Operational and Marketing Efficiency

To grow our business, we intend to continue to improve our operational and marketing efficiency, which includes attracting new consumers, increasing community engagement and connection with our brand, and improving fulfillment and distribution operations. Our marketing model is inclusive of a best-in-class modern approach across paid, owned, and earned marketing channels. We invest significant resources in marketing and content generation, use a variety of brand and performance marketing channels and work continuously to improve brand exposure at our retail customers to acquire new consumers. It is important to maintain reasonable costs for these marketing efforts relative to the revenue we expect to derive from our consumers. We leverage proprietary consumer insights and best-in-class analytics to guide our distribution strategy and inform our marketing spend optimization. Our future success depends in part on our ability to effectively attract consumers on a cost-efficient basis and

achieve efficiencies in our operations. In addition, we believe we have been able to achieve some operational and marketing efficiency as part of cost savings in connection with our Brand Maximization Transformation Pillar.

Ability to Execute Increasing Physical and Digital Availability

The core of our growth strategy centers around increasing physical availability through expanded stores, doors, aisles, shelves and facing and increasing digital availability of our products in retail customers websites, and third-party ecommerce sites. While we have made significant progress in our distribution gains, we are still under indexed compared to competition. Our partnerships with leading third-party retail platforms and national retailers have broadened our consumer reach, raised our brand awareness and enhanced our margins through operating leverage.

We will continue to pursue partnerships with a wide variety of retailers, including mass retailers, online retailers, club retailers, grocery stores, drugstores and specialty retailers. Our ability to execute this strategy will depend on a number of factors, such as competitive dynamics and retailers' satisfaction with the sales and profitability of our products, channel shifts of their customers, and their own supply chain, order timing, and inventory needs, which may fluctuate from period to period. For example, we experienced distribution losses with two of our largest customers on certain diaper SKUs mainly related to these retailers' footprint changes for certain product categories overall and a shift to more exclusive non-gendered prints with one of these retailers, which has impacted our revenue since 2025, and we expect will continue to negatively impact our diaper revenue in the future.

Due to higher costs of shipping and fulfillment activities related to our DTC channel and other related costs, we no longer utilize Honest.com as a shipping and fulfillment channel or sell products through this channel as of December 31, 2025 and instead have shifted our focus and investments towards more efficient and scalable distribution models with our current retail and digital customers. The Honest.com website will remain a resource for educating consumers, showcasing our complete product portfolio, and driving consumers to purchase offsite. Our discontinuation of Honest.com as a direct shipping and fulfillment channel negatively impacted our revenue for the year ended December 31, 2025; however, we also expect that it will enable improved gross margin in future years.

Our product mix is a driver of our financial performance and growth given our focus on attractive margin products. Even though our growth strategy aims to boost sales across products by increasing total distribution, we intend to prioritize growth in products with attractive margin characteristics, including wipes and personal care, and leverage our brand equity and consumer insights to extend into new products.

Ability to Grow Our Brand Awareness

Our brand is integral to the growth of our business and is essential to our ability to engage and stay connected with the growing clean products consumer market. In order to increase the share of wallet of our existing consumers and to attract new consumers, our brand has to maintain its trustworthiness and authenticity. Our ability to attract new consumers will depend on, among other things, the efficacy of our marketing efforts, our ability to successfully produce products that are free of defects, our ability to communicate the value of those products as cleanly-formulated, sustainably-designed and effective, and the offerings of our competitors. Beyond preserving the integrity of our brand, our performance will depend on our ability to augment our reach and increase the number of consumers aware of Honest and our product portfolio. We believe our brand strength will enable us to continue to launch new products, allowing us to deepen relationships with consumers. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the product categories in which we operate.

Continued Innovation

Research, development and innovation are core elements underpinning our growth strategy. Through our in-house research and development laboratories, we are able to access the latest advancements in clean ingredients. Based in Los Angeles, California, our research and development team, including experts in chemistry and toxicology, develop innovative cleanly-formulated products. At Honest, product innovation is top of mind, including wipes pack size expansion and kids personal care. The improvement of existing products and the introduction of new products have been, and continue to be, integral to our growth. We have made significant investments in our product development capabilities and plan to continue to do so in the future. We believe our rigorous approach to product innovation has helped redefine and grow the clean and naturally-derived product categories in which we operate. Our continued focus on research and development will be central to attracting and retaining consumers in the future. Our ability to successfully develop, market and sell new products will depend on a variety of factors, including our continued investment in innovation. We are also committed to bringing our Honest Standard to new products where we believe there is a need for a higher standard for clean personal care.

Overall Macro Trends

We believe consumers' increasing interest in cleanly-designed products and purpose-driven companies has contributed to higher demand for certain products, which we believe we are strategically positioned to benefit from. At the same time, changes in macro-level trends, including as a result of changing consumer attitudes or behaviors or other macroeconomic conditions (such as inflation, tariffs, supply chain disruptions, trade disputes, foreign exchange volatility, ongoing military conflicts and geopolitical

uncertainty, financial market instability and any resulting recession or slowed economic growth), have resulted and could in the future result in fluctuations in our operating results.

Business Operations

Global economic and political uncertainty has increased due to the impact of continued inflationary pressures, adverse impact on confidence in financial markets and geopolitical events, including tariffs imposed on certain foreign goods, the possibility of expanding the tariffs to capture other types of goods, and related legal challenges. Additionally, the extent of the impact of macroeconomic trends on our operational and financial performance in the future will depend on future developments. Prolonged unfavorable economic conditions, including as a result of changing consumer attitudes or behaviors or other macroeconomic conditions (such as inflation, tariffs, supply chain disruptions, trade disputes, foreign exchange volatility, ongoing military conflicts and geopolitical uncertainty, financial market instability and any resulting recession or slowed economic growth) have had and may continue to have an adverse effect on our sales, margins and profitability. All of these factors are difficult to predict considering the rapidly evolving landscape as we continue to expect a variable operating environment going forward.

Supply Chain Disruptions

There has been and continues to be an adverse impact on global economic conditions, specifically tariffs and inflationary pressures, which has adversely affected our supply chain in regards to cost of revenue. We have experienced and anticipate continued increases in product costs due to inflationary pressures, which has in the past and could continue to hamper our ability to drive margin expansion. In addition, notwithstanding legal challenges, we expect tariffs to continue to negatively impact the cost of raw materials, components and finished goods, which has adversely impacted our operational expenses, and may negatively impact our ability to source our finished goods and components. We have taken measures to bolster key aspects of our supply chain and mitigate the impact of tariffs, such as creating an agile supply chain, ensuring sufficient inventory to support our continued growth, minimizing lead times for raw materials, and implementing a robust cost-savings program, as part of our tariff mitigation strategy. In addition, in early 2025 we hired a Senior Vice President of Supply Chain, a newly created role, which has enabled us to accelerate some of the cost savings opportunities we have developed. If we are not successful in our attempts to bolster our supply chain and mitigate the impact of tariffs, our product and fulfillment costs may increase and our business, financial condition, results of operations and prospects could be adversely affected. For example, the fluctuation in tariff rates since 2025 and the ongoing uncertainty of those rates, has primarily impacted our wipes product costs, and may in the future impact our ability to forecast the tariff impacts on our cost of revenue. As part of Powering Honest Growth, we are also taking action to optimize our supply chain footprint and inventory management, along with leveraging technology to improve systems. We expect that the ongoing military conflicts may further increase our global shipping costs and could negatively impact the cost of petrochemicals which are used in the raw materials and packaging in our personal care products.

Additionally, we have experienced purchase price increases from our third-party manufacturers in the past and could face escalation of purchase costs and cost of revenue in the future. In 2025, we agreed to increased purchase costs from our diaper manufacturer and received requests to renegotiate purchase costs from other third-party manufacturers, which negotiations are ongoing.

We have implemented price increases in the past and we may implement additional price increases in the future as needed to offset current and future input cost inflation and to pursue productivity initiatives to offset inflation. However, we may not be able to increase our prices or productivity sufficiently enough to offset these costs. Customer demand for our products may change based on price increases.

Consumer Preferences

We believe consumers value the flexibility in terms of where and when they choose to purchase Honest products. We also believe that consumers research their personal care ingredients and recognize the quality of Honest products, knowing that there are over 3,500 chemicals and materials that we choose not to formulate with. Given changing macroeconomic conditions, we also believe that consumers have changed their shopping behaviors and have become more price sensitive when purchasing products in some of our product categories, including diapers.

Inventory

Inventory is reflected at the lower of cost or net realizable value which includes a reserve for excess inventory. We estimate reserve requirements based on current and forecasted demand, including the ability to liquidate excess inventory and estimated liquidation value. Depending on future consumer behavior in relation to the macroeconomic environment or otherwise and related aging of inventory, among other factors, we have in the past and expect to incur in the future additional inventory write-downs, customer returns or incur donation expense or disposal costs as we reduce excess inventory. As part of our Transformation Pillar of Operating Discipline, we have reduced inventory since December 31, 2025 as part of managing working capital efficiently, including inventory management.

Supplier Services Agreement

In August 2022, we entered into a supplier services agreement with Butterblu, LLC (“Butterblu”) pursuant to which Butterblu provided certain design, manufacturing, sales and marketing services to us (the “Supplier Services Agreement”). As part of the Supplier Services Agreement, we agreed to purchase and own inventory for the term of the agreement, which was originally until December 31, 2026, unless terminated sooner. On November 5, 2025, we sent a Notice of Termination to Butterblu and sued the company for alleged breaches of the Supplier Services Agreement. Through agreement of the parties following our Notice of Termination, Honest and Butterblu extended the Supplier Services Agreement on a temporary basis through December 26, 2025. The Supplier Services Agreement was formally terminated on December 26, 2025. Upon termination, Butterblu was required to discontinue using Honest’s trademarks and prints and to consummate all pending purchase orders received in writing as of the November 5, 2025 termination date, and Honest has the right to sell off all products sourced by Butterblu until and through December 26, 2026 and shall pay Butterblu the Base Service Fee, defined as 22% of Honest's net revenue for product sales and adjusted to ensure that the Base Service Fee does not exceed Honest's gross profit for product sales in the applicable quarter, for product sales through December 26, 2026. The parties are in litigation, which is described in Note 7, "Commitments and Contingencies," included in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Litigation related to our respective obligations under the Supplier Services Agreement, the termination of this Supplier Services Agreement, any disputes over the terms of the termination, and costs related to the apparel inventory we own have negatively impacted revenue and gross profit, offset by lower operating costs for the fourth quarter ended December 31, 2025 and full year 2025, and are expected to continue to adversely impact our results of operations going forward. In addition, the loss of the relationship with Butterblu negatively impacted apparel revenue and will negatively impact apparel revenue in the future, which may adversely affect our results of operations.

Components of Results of Operations

Revenue

We generate revenue through the sale of our products through our leading retailers and their websites, third-party ecommerce sites and, prior to December 31, 2025, Honest.com. Our revenue is recognized net of allowances for returns, discounts, credits and any taxes collected from consumers.

Cost of Revenue

Cost of revenue includes the purchase price of merchandise sold to customers, inbound and outbound shipping and handling costs, freight, tariffs and duties, shipping and packaging supplies, credit card processing fees and warehouse fulfillment costs incurred in operating and staffing warehouses, including rent. Cost of revenue also includes depreciation and amortization for warehouse fulfillment facilities and equipment, allocated overhead and direct and indirect labor for warehouse personnel, inventory reserves and destruction costs.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin may in the future fluctuate from period to period based on a number of factors, including commodity costs, manufacturing costs, warehousing and transportation rates, the promotional environment in the marketplace, the mix of products we sell, the channel through which we sell our products, and innovation initiatives we undertake in each product category, among other factors.

Operating Expenses

Our operating expenses consist of selling, general and administrative, marketing, restructuring and research and development expenses.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of personnel costs, principally for our selling and administrative functions. These include personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation expenses. Selling, general and administrative expenses also include technology expenses; professional fees, including audit and legal expenses; donation expenses including overhead and tariffs; facility costs, including insurance, utilities and rent relating to our headquarters; third-party service fees related to our Supplier Services Agreement for our apparel products and, depreciation and amortization expenses. We expect our general and administrative expenses to decrease as a percentage of revenue as we continue to grow our business and organizational capabilities and efficiencies. We have incurred and expect in the future to continue to incur additional third-party professional fees related to compliance obligations as a public company.

Marketing

Marketing expenses include costs related to our branding initiatives, retail customer marketing activities, point of purchase displays, targeted online advertising through sponsored search, display advertising, email and influencer marketing campaigns, market research, content production, consumer insights research, and other public relations and promotional initiatives. Given the dynamic macro-environment, higher costs in digital marketing and increased retail distribution, we will continue to optimize our marketing activities for impact and efficiency. We will continue to prioritize investment in marketing initiatives around our most strategic and profitable categories, through strategic key retailers activities, as well as brand building campaigns and initiatives. As we launch new products, we expect to make marketing investments to support growth at key retailers, build brand awareness, encourage first-time use and set the foundation for future revenue growth.

Restructuring

Restructuring costs are one of the elements of Powering Honest Growth and are included in Restructuring on the statements of comprehensive income (loss). Restructuring costs include contract and external obligation costs, employee and personnel-related costs, and asset and other restructuring-related costs. For further details on the restructuring element of Powering Honest Growth, refer to Note 12, "Restructuring" included in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Research and Development

Research and development expenses consist primarily of personnel-related expenses for our research and development team. Research and development expenses also include costs incurred for the development of new products, improvement in the quality of existing products and the development and implementation of new technologies to enhance the quality and value of products. This includes the expense related to claims and clinical trials as well as formulation and packaging testing. Research and development expenses also include allocated depreciation and amortization and overhead costs. We expect research and development expenses to increase in absolute dollars as we invest in the enhancement of our product offerings through innovation and the introduction of new adjacent product categories.

Interest and Other Income (Expense), Net

Interest income consists primarily of interest income earned on our short-term investments and our cash and cash equivalents balances. Interest expense includes fees incurred under our 2026 Credit Facility, including commitment fees and debt issuance costs.

Other income (expense), net consists of our foreign currency exchange gains, losses relating to transactions denominated in currencies other than the U.S. dollar and contingent gains. We expect our foreign currency gains and losses to be immaterial in future periods but continue to fluctuate due to changes in both the volume of foreign currency transactions and foreign currency exchange rates.

Income Tax Provision

We are subject to federal and state income taxes in the United States. Our annual estimated tax rate differed from the U.S. federal statutory rate of 21% primarily as a result of a valuation allowance against deferred tax assets, stock-based compensation, state taxes, nondeductible executive compensation and other permanent differences. We maintain a full valuation allowance for our federal and state deferred tax assets, including net operating loss carryforwards, as we have concluded that it is not more likely than not that the deferred tax assets will be realized.

Results of Operations

The following table sets forth our condensed consolidated statements of comprehensive income (loss) data for each of the periods indicated:

	For the three months ended March 31,	
	2026	2025
<i>(In thousands)</i>		
Revenue	\$ 78,099	\$ 97,250
Cost of revenue	44,828	59,580
Gross profit	33,271	37,670
Operating expenses		
Selling, general and administrative ⁽¹⁾	17,469	21,041
Marketing	13,993	12,270
Restructuring	606	—
Research and development ⁽¹⁾	1,862	1,852
Total operating expenses	33,930	35,163
Operating (loss) income	(659)	2,507
Interest and other income (expense), net	663	787
Income before provision for income taxes	4	3,294
Income tax provision	46	40
Net (loss) income	\$ (42)	\$ 3,254

⁽¹⁾ Includes stock-based compensation expense as follows:

	For the three months ended March 31,	
	2026	2025
<i>(In thousands)</i>		
Selling, general and administrative	\$ 2,251	\$ 2,241
Research and development	214	171
Total	\$ 2,465	\$ 2,412

The following table sets forth our condensed consolidated statements of comprehensive income (loss) data expressed as a percentage of revenue*:

	For the three months ended March 31,	
	2026	2025
	(as a percentage of revenue)	
Revenue	100.0 %	100.0 %
Cost of revenue	57.4	61.3
Gross profit	42.6	38.7
Operating expenses		
Selling, general and administrative	22.4	21.6
Marketing	17.9	12.6
Restructuring	0.8	—
Research and development	2.4	1.9
Total operating expenses	43.4	36.2
Operating (loss) income	(0.8)	2.6
Interest and other income (expense), net	0.8	0.8
Income before provision for income taxes	—	3.4
Income tax provision	0.1	—
Net (loss) income	(0.1) %	3.3 %

* Amounts may not sum due to rounding.

Comparison of the Three Months Ended March 31, 2026 and 2025

Revenue

	For the three months ended March 31,			
	2026	2025	\$ change	% change
<i>(In thousands, except percentages)</i>				
Revenue	\$ 78,099	\$ 97,250	\$ (19,151)	(19.7) %

Revenue was \$78.1 million for the three months ended March 31, 2026, as compared to \$97.3 million for the three months ended March 31, 2025. The decrease of \$19.2 million, or 19.7%, was primarily due to the strategic exits related to Powering Honest Growth and a decline in diaper revenue, partially offset by an increase in revenue mainly within wipes and personal care products. Refer to the Organic Revenue table under “Non-GAAP Financial Measures” below for further details of revenue excluding the revenue associated with the discrete exits related to Powering Honest Growth.

Cost of Revenue and Gross Profit

	For the three months ended March 31,			
	2026	2025	\$ change	% change
<i>(In thousands, except percentages)</i>				
Cost of revenue	\$ 44,828	\$ 59,580	\$ (14,752)	(24.8) %
Gross profit	\$ 33,271	\$ 37,670	\$ (4,399)	(11.7) %

Cost of revenue was \$44.8 million for the three months ended March 31, 2026, as compared to \$59.6 million for the three months ended March 31, 2025. The decrease of \$14.8 million, or 24.8%, was primarily driven by a decline in product, shipping and fulfillment costs due to sales volume decline related to Powering Honest Growth strategic exits and lower freight costs, partially offset by an increase in tariff costs. Cost of revenue as a percentage of revenue decreased by 390 basis points compared to the three months ended March 31, 2025.

Gross profit was \$33.3 million for the three months ended March 31, 2026, as compared to \$37.7 million for the three months ended March 31, 2025. The decrease of \$4.4 million, or 11.7%, was primarily related to a decline in sales volume related to Powering Honest Growth strategic exits, coupled with a decline in associated cost of revenue.

Operating Expenses

Selling, General and Administrative Expenses

	For the three months ended March 31,			
	2026	2025	\$ change	% change
<i>(In thousands, except percentages)</i>				
Selling, general and administrative	\$ 17,469	\$ 21,041	\$ (3,572)	(17.0)%

Selling, general and administrative expenses were \$17.5 million for the three months ended March 31, 2026, as compared to \$21.0 million for the three months ended March 31, 2025. The decrease of \$3.6 million, or 17.0%, was primarily due to a \$2.1 million decline in third-party apparel service fees, a \$1.1 million decrease in legal expenses and a \$1.0 million decrease in employee-related expenses. Selling, general and administrative expenses as a percentage of revenue increased 0.7% as compared to the three months ended March 31, 2025.

Marketing Expenses

	For the three months ended March 31,			
	2026	2025	\$ change	% change
<i>(In thousands, except percentages)</i>				
Marketing	\$ 13,993	\$ 12,270	\$ 1,723	14.0%

Marketing expenses were \$14.0 million for the three months ended March 31, 2026, as compared to \$12.3 million for the three months ended March 31, 2025. The increase of \$1.7 million, or 14.0%, was primarily due to increased marketing investment to support our higher growth, higher margin wiper and personal care platforms. Marketing expenses as a percentage of revenue increased 5.3% as compared to the three months ended March 31, 2025.

Restructuring Expenses

	For the three months ended March 31,			
	2026	2025	\$ change	% change
<i>(In thousands, except percentages)</i>				
Restructuring	\$ 606	\$ —	\$ 606	100.0%

Restructuring expenses included employee and personnel-related costs of \$0.3 million, and asset and other restructuring-related costs of \$0.3 million for the three months ended March 31, 2026. For the three months ended March 31, 2025, we did not incur any restructuring expenses. For further details on Powering Honest Growth, refer to “Transformation 2.0: Powering Honest Growth” above and Note 12, “Restructuring” in the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Research and Development Expenses

	For the three months ended March 31,			
	2026	2025	\$ change	% change
<i>(In thousands, except percentages)</i>				
Research and development	\$ 1,862	\$ 1,852	\$ 10	0.5%

Research and development expenses were flat at \$1.9 million for both the three months ended March 31, 2026 and 2025.

Interest and Other Income (Expense), Net

	For the three months ended March 31,		
	2026	2025	\$ change
(In thousands, except percentages)			
Interest income (expense), net	\$ 655	\$ 615	\$ 40
Other income (expense), net	8	172	(164)
Interest and other income (expense), net	\$ 663	\$ 787	\$ (124)

Interest and other income (expense), net was net income of \$0.7 million for the three months ended March 31, 2026, as compared to net income of \$0.8 million for the three months ended March 31, 2025.

Liquidity and Capital Resources

As of March 31, 2026, we had \$90.4 million of cash and cash equivalents. Although we are dependent on our ability to generate sufficient cash flow from operations or raise capital to achieve our business objectives, we believe our existing cash and cash equivalents together with cash generated from operations will be sufficient to meet our short-term projected operations for the next 12 months from the date of issuance of our condensed consolidated financial statements. We will need to generate sufficient cash from operations or may need to raise additional capital to meet our long-term working capital and capital expenditure needs in the future. We also have availability under our 2026 Credit Facility, which was not drawn as of March 31, 2026.

2026 Credit Facility

In March 2026, we entered into a First Amendment to Credit Agreement and First Amendment to Pledge and Security Agreement (the "Amendment") with JPMorgan Chase Bank, N.A. ("JPMorgan"), as administrative agent and lender, and the other lenders party thereto (together with JPMorgan, the "Lenders"), which amended the terms of the then existing first lien credit agreement (the "2023 Credit Facility"), extended the maturity date of the senior secured revolving credit facility (the "2026 Credit Facility") and modified the borrowing formula and modified the interest rate.

The 2026 Credit Facility provides a revolving credit facility in an aggregate principal amount of up to \$35.0 million (the "Commitment Amount") and includes a sub-facility that provides for the issuance of letters of credit in an amount of up to \$15.0 million at any time outstanding. If more than 50% of the Commitment Amount is outstanding, availability of the 2026 Credit Facility will be based upon a borrowing base formula and periodic borrowing base certifications valuing certain of our accounts receivable and inventory as reduced by certain reserves, if any. The 2026 Credit Facility includes an uncommitted accordion feature that allows for increases in the Commitment Amount to as much as an additional \$35.0 million, for up to \$70.0 million in potential revolving commitments. The 2026 Credit Facility is subject to customary fees for loan facilities of this type, including a commitment fee based on the average daily undrawn portion of the 2026 Credit Facility. We recognize the commitment fee as incurred in interest and other income (expense), net in the condensed consolidated statements of comprehensive income (loss). For the three months ended March 31, 2026, the commitment fee incurred was immaterial. As of March 31, 2026, there were \$1.5 million of outstanding letters of credit. As of March 31, 2026, there was no outstanding borrowing under the 2026 Credit Facility, but the letters of credit reduce the amount available under the 2026 Credit Facility on a dollar-for-dollar basis.

The interest rate applicable to the 2026 Credit Facility will be, at our option, either (a) the Adjusted Term SOFR Rate (subject to a 0.00% floor), plus a margin ranging from 1.75% to 2.25% or (b) the CB floating rate, (i) plus a margin of 0.00% or 0.25% or (ii) minus a margin of 0.25%. The margin will be based upon our leverage ratio. The CB floating rate is the higher of (a) the Wall Street Journal prime rate and (b) 2.50%.

The 2026 Credit Facility will terminate and borrowings thereunder, if any, will be due in full on March 31, 2029. Debt under the 2026 Credit Facility will be guaranteed by substantially all of our material domestic subsidiaries and will be secured by substantially all of our and such subsidiaries' assets.

We are subject to certain affirmative and negative covenants including financial covenants related to a minimum total fixed charge coverage ratio and a maximum total leverage ratio, each calculated on a trailing four fiscal quarter basis at the end of each fiscal quarter. The 2026 Credit Facility also includes customary events of default. The 2026 Credit Facility contains covenants that restrict, among other things, our ability to sell assets, make investments and acquisitions, incur indebtedness, grant liens, change our lines of business, pay dividends and make certain other restricted payments, each subject to customary exceptions. Failure to do so, unless waived by the Lenders under the 2026 Credit Facility pursuant to its terms would result in an event of default under the 2026 Credit Facility. As of March 31, 2026, we are in compliance with all covenants under the 2026 Credit Facility.

Refer to Note 5, “Credit Facilities” included in the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information on the 2026 Credit Facility.

Cash Flows

The following table summarizes our cash flows for the periods presented:

<i>(In thousands)</i>	For the three months ended March 31,	
	2026	2025
Net cash provided by (used in) operating activities	\$ 5,522	\$ (2,938)
Net cash used in investing activities	\$ (1,736)	\$ (62)
Net cash (used in) provided by financing activities	\$ (3,000)	\$ 383

Operating Activities

Our largest source of operating cash is from the sales of our products to our consumers and customers. Our primary uses of cash from operating activities are for cost of revenue, selling, general and administrative expenses, marketing expenses and research and development expenses.

Net cash provided by operating activities of \$5.5 million for the three months ended March 31, 2026 was primarily due to non-cash adjustments of \$5.0 million and net loss of \$42 thousand, partially offset by a net increase in cash related to changes in operating assets and liabilities of \$0.6 million. Non-cash adjustments primarily consisted of stock-based compensation of \$2.5 million, amortization of operating ROU assets of \$1.7 million and depreciation and amortization of \$0.6 million. Net cash provided by operating activities primarily consisted of a \$11.4 million decrease in inventory, partially offset by a \$7.7 million decrease in accounts payable and accrued expenses due to timing of payments, a \$2.3 million use of cash due to operating lease obligations and a \$0.5 million increase in prepaid expenses and other assets.

Net cash used in operating activities of \$2.9 million for the three months ended March 31, 2025 was primarily due to a net decrease in cash related to changes in operating assets and liabilities of \$12.1 million, partially offset by non-cash adjustments of \$5.9 million and net income of \$3.3 million. Change in inventory reserves and accounts receivable reserves and utilization of marketing credits are included in "Other" in the accompanying condensed consolidated statements of cash flows. Changes in cash flows related to operating assets and liabilities primarily consisted of a \$5.8 million increase in inventory, a \$5.8 million decrease in accounts payable and accrued expenses due to timing of employee related expenses, and a \$2.1 million use of cash due to operating lease obligations, partially offset by a \$0.9 million decrease in prepaid expenses and other assets and a \$0.7 million decrease in accounts receivable. Non-cash adjustments primarily consisted of stock-based compensation of \$2.4 million, amortization of operating ROU assets of \$1.6 million, change in inventory reserves of \$0.8 million, depreciation and amortization of \$0.7 million and utilization of marketing credits of \$0.4 million.

Investing Activities

Our primary use of investing cash is property and equipment.

Net cash used in investing activities of \$1.7 million and \$0.1 million for the three months ended March 31, 2026, and March 31, 2025, respectively, was due to the purchase of property and equipment.

Financing Activities

Our financing activities primarily consisted of proceeds from sales of securities, proceeds from stock option award exercises and principal payments of financing lease obligations.

Net cash used in financing activities of \$3.0 million for the three months ended March 31, 2026 consisted of repurchases of common stock.

Net cash provided by financing activities of \$0.4 million for the three months ended March 31, 2025 consisted primarily of \$0.4 million of proceeds from stock option award exercises.

Share Repurchase Program

On February 20, 2026, our Board of Directors approved our first share repurchase program for up to \$25.0 million of our outstanding common stock. Under the program, share repurchases may be made at our discretion from time to time in open market transactions or privately negotiated transactions, or by other means, including through Rule 10b5-1 trading plans. The timing and

number of shares repurchased under the new program will depend on a variety of factors, including, without limitation, stock price and trading volume. The repurchase program does not obligate us to purchase any shares, has no expiration date and may be modified, suspended or terminated at any time. We expect to fund repurchases with a combination of existing cash and cash equivalents and cash flows from operations. We repurchased 1,052,672 shares of common stock at an average share price of \$2.85 per share, for an aggregate amount of approximately \$3.0 million, during the three months ended March 31, 2026. As of March 31, 2026, approximately \$22 million remained available under the share repurchase program. Refer to Note 8, "Stockholders' Equity" included in the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information on the share repurchase program. Between April 1, 2026 and May 1, 2026, we repurchased 3,471,969 shares of common stock at an average share price of \$3.26 per share, for an aggregate amount of approximately \$11.3 million. Accordingly, as of May 1, 2026, approximately \$10.7 million remained available under the share repurchase program.

Dividends

We do not anticipate declaring or paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions (including any restrictions in our then-existing debt arrangements), capital requirements, business prospects and other factors our board of directors may deem relevant. The 2026 Credit Facility contains restrictions on our ability to pay dividends.

Non-GAAP Financial Measures

We prepare and present our condensed consolidated financial statements in accordance with GAAP. However, management believes that Organic Revenue and Adjusted EBITDA, which are non-GAAP financial measures, provide investors with additional useful information in evaluating our performance.

We calculate Organic Revenue as net revenue, adjusted to exclude revenue from exited operations in connection with Powering Honest Growth including: (1) product revenue from our apparel line; (2) revenue from our Honest.com website as a fulfillment center; (3) revenue from sales to Canadian retailers or channels and (4) in certain periods, revenue from other acquisitions, divestitures and product or channel exits.

We calculate Adjusted EBITDA as net (loss) income, 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; (6) executive officer transition expenses; and (7) restructuring-related expenses in connection with Powering Honest Growth.

Organic Revenue and Adjusted EBITDA are financial measures that are not required by, or presented in accordance with GAAP. We believe that Organic Revenue and Adjusted EBITDA, 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 Organic Revenue and Adjusted EBITDA 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. Additionally, we believe Organic Revenue is helpful to our investors as it adjusts for revenue sources that we exited in connection with Powering Honest Growth.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA include that (1) it does 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 does not reflect these capital expenditures; (3) it does not consider the impact of stock-based compensation expense; (4) it does not reflect other non-operating expenses, including interest expense; (5) it does not reflect tax payments that may represent a reduction in cash available to us; and (6) it does not include certain non-ordinary cash expenses that we do not believe are representative of our business on a steady-state basis, such as executive officer transition expenses. In addition, our use of Adjusted EBITDA and Organic Revenue may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider Organic Revenue and Adjusted EBITDA alongside other financial measures, including our revenue, net (loss) income and other results stated in accordance with GAAP.

The following table presents a reconciliation of revenue, the most directly comparable financial measure stated in accordance with GAAP, to Organic Revenue, for each of the periods presented:

<i>(In thousands)</i>	For the three months ended March 31,	
	2026	2025
Reconciliation of Revenue to Organic Revenue		
Revenue	\$ 78,099	\$ 97,250
Less revenue from:		
Apparel	—	10,505
Honest.com	—	10,312
Canada	—	1,278
Organic Revenue	<u>\$ 78,099</u>	<u>\$ 75,155</u>

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

<i>(In thousands)</i>	For the three months ended March 31,	
	2026	2025
Reconciliation of Net (Loss) Income to Adjusted EBITDA		
Net (loss) income	\$ (42)	\$ 3,254
Interest and other (income) expense, net	(663)	(787)
Income tax provision	46	40
Depreciation and amortization	646	717
Stock-based compensation	2,465	2,412
Securities litigation expense	76	1,036
Restructuring-related costs ⁽¹⁾	1,292	—
Payroll tax expense related to stock-based compensation	130	257
Adjusted EBITDA	<u>\$ 3,950</u>	<u>\$ 6,929</u>

(1) See Note 12 “Restructuring” in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for items included in restructuring-related costs.

Material Cash Requirements

As of March 31, 2026, there were no changes to our material cash requirements from those described under “Management's Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q are prepared in accordance with GAAP. The preparation of condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

Our critical accounting estimates are described under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our Annual Report and the notes to the audited consolidated financial statements appearing in our Annual Report. During the three months ended March 31, 2026, there were no material changes to our critical accounting estimates from those discussed in our Annual Report.

Recent Accounting Pronouncements

Refer to Note 2, “Summary of Significant Accounting Policies” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a discussion of recently issued accounting pronouncements.

Emerging Growth Company Status

In April 2012, the JOBS Act was enacted. Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period to comply with new or revised accounting standards and to adopt certain of the reduced disclosure requirements available to emerging growth companies. As a result of the accounting standards election, we are not subject to the same implementation timing for new or revised accounting standards as other public companies that are not emerging growth companies which may make comparison of our financials to those of other public companies more difficult. We will no longer qualify as an emerging growth company as of December 31, 2026, or earlier if certain conditions exist.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and inflation risk.

Interest Rate Risk

We had cash and cash equivalents of \$90.4 million as of March 31, 2026, which consisted of short-term, highly liquid investments with stated maturities of three months or less. Interest-earning instruments carry a degree of interest rate risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 10% change in interest rates would not result in a material impact on our condensed consolidated financial statements.

We are also subject to interest rate risk in connection with our 2026 Credit Facility. See the section titled “Liquidity and Capital Resources—2026 Credit Facility” above. To the extent that borrowings were outstanding, we do not believe that a hypothetical 10% change in the interest rate would have a material effect on our results of operations or financial condition for the three months ended March 31, 2026.

Inflation Risk

We have experienced and may continue to experience an increase in commodity prices, labor costs, input costs and transportation costs. As part of Powering Honest Growth, we have implemented a robust cost-savings program, including optimization of our contract manufacturing strategies, optimization of our supply chain footprint and inventory management, along with leveraging technology to improve systems, reduced shipping and logistic costs, and product costs. If we are unable to offset these changing costs through further cost saving initiatives, price increases or cost reductions, our inability or failure to do so could harm our business, results of operations and financial condition.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”), that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the period ended March 31, 2026, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2026 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Our management, including our principal executive officer and principal financial officer, believe that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The information contained under the heading “Litigation” in Note 7 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q is incorporated by reference into this Item.

Item 1A. Risk Factors.

RISK FACTOR SUMMARY

Our business is subject to numerous risks. The following summary highlights some of the risks you should consider with respect to our business and prospects. You should carefully consider the risks and uncertainties described in our Annual Report, together with all of the other information in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes as disclosed in our Annual Report. The risks and uncertainties described in our Annual Report and in this Quarterly Report on Form 10-Q are not the only ones we face. Additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline and you could lose part or all of your investment.

Investing in our common stock involves substantial risks. Some of the more significant risks include the following:

- Our past growth may not be indicative of our future growth and we may not be able to effectively manage our future growth or evaluate our future prospects. If we fail to effectively manage our future growth or evaluate our future prospects, our business could be adversely affected.
- Our quarterly operating results may fluctuate, which could cause our stock price to decline.
- Our future success depends, in part, on our ability to achieve our long-term strategy.
- Our strategic initiatives, including as part of the Transformation Initiative and Transformation 2.0: Powering Honest Growth, to reduce our costs could have short and long-term adverse effects on our business, financial condition, results of operations and prospects, could result in total costs and expenses that are greater than expected, and we may not realize the operational or financial benefits from such actions.
- Consolidation of retail customers, the loss of a significant retail or third-party ecommerce customer or a significant change in such customer's historical purchasing patterns has in the past and could in the future negatively impact our sales and ability to achieve or maintain profitability.
- We may be unable to accurately forecast revenue, gross margin or operating expenses and appropriately plan our expenses in the future.
- We may not be able to compete successfully in our highly competitive market.
- If we fail to cost-effectively acquire new consumers or retain our existing consumers, our business could be adversely affected. Our sales and profit are dependent upon our ability to expand our existing consumer relationships and acquire new consumers.
- Overall macroeconomic trends, including due to geopolitical uncertainty, have had and may continue to have an adverse effect on our business, financial condition, results of operations and prospects.
- If we fail to manage our inventory effectively, our business, financial condition, results of operations and liquidity may be materially and adversely affected.
- Our inability to secure, maintain and increase our presence with retailers could adversely impact our revenue, and in turn our business, financial condition, results of operations and prospects could be adversely affected.
- International trade disputes and the U.S. government's trade policy, including recently enacted tariffs and potential new tariffs, could adversely affect our business, financial condition, results of operations and prospects.
- We must expend resources to maintain consumer awareness of our brand, build brand loyalty and generate interest in our products. Our marketing strategies and channels will evolve and shifts in our marketing strategies and efforts may or may not be successful.
- Our brand and reputation may be diminished due to real or perceived quality, safety, efficacy or environmental impact issues with our products, which could have an adverse effect on our business, financial condition, results of operations and prospects.
- Our ability to maintain our competitive position is largely dependent on the services of our senior management and other key personnel.
- We have a history of net losses and we may not be able to achieve or maintain profitability in the future.
- Our business may be adversely affected if we are unable to respond and adapt to rapid changes in technology.
- A disruption in our operations could have an adverse effect on our business.
- Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, warehousing, distribution and logistics, and the loss of any of our key suppliers or logistical service providers could negatively impact our business.
- We rely on third-party suppliers, manufacturers, retail and ecommerce customers and other vendors, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory

requirements, which could adversely affect our business, harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.

- Health and safety incidents or advertising inaccuracies or product mislabeling may have an adverse effect on our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.
- We are increasingly dependent on information technology and our ability to process data in order to operate and sell our products, and if we (or our third parties) are unable to protect against software and hardware vulnerabilities, service interruptions, data corruption, cyber-based attacks, ransomware or security breaches, or if we fail to comply with our commitments and assurances regarding the privacy and security of such data, we could experience adverse consequences, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions to our business operations; interruptions in our ability to provide our goods and services exposure to liability; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse consequences.

RISK FACTORS

Other than the risk factors set forth below, there have been no material changes to the risk factors set forth in the section titled “Risk Factors” included in our Annual Report.

We are subject to international business uncertainties.

Our business relies on third-party suppliers and manufacturers located in China, Mexico, and certain other foreign countries. We intend to continue to sell to consumers outside the United States and maintain our relationships in foreign countries where we have suppliers and manufacturers. Further, we may establish additional relationships in other countries in the future. Increased international operations may be subject to risks such as:

- burdens of complying with a wide variety of laws and regulations, including more stringent regulations relating to data privacy and security, particularly in the European Union;
- adverse tax effects and foreign exchange controls making it difficult to repatriate earnings and cash;
- political and economic instability;
- terrorist activities and natural disasters;
- trade restrictions;
- differing employment practices and laws and labor disruptions;
- the imposition of government controls;
- an inability to use or to obtain adequate intellectual property protection for our brand and key products;
- difficulties in enforcing contracts and legal decisions;
- tariffs and customs duties and the classifications of our goods by applicable governmental bodies;
- a legal system subject to undue influence or corruption;
- a business culture in which illegal sales practices may be prevalent;
- logistics and sourcing; and
- military conflicts.

The occurrence of any of these risks could have an adverse effect on our international business and consequently our overall business, financial condition, results of operations and prospects.

In addition, while we do not currently have operations in Russia, Ukraine, or the Middle East, due to the impact of the ongoing conflicts in those regions on the global economy, we have experienced and may continue to experience supply chain constraints; inflation in input costs, logistics, manufacturing, and labor costs; volatility in fuel and commodity prices and fluctuations in foreign exchange rates and interest rates, any of which could adversely impact our results of operations. In particular, the raw materials and packaging in our personal care products include petrochemicals, which have, and may continue to, experience increased prices which may adversely impact our operating expenses.

These conditions could further adversely affect our business in several ways. Increased energy prices and shipping costs may raise the cost of goods sourced from our suppliers in China and other foreign countries, and our suppliers and manufacturers may pass those increased costs on to us or experience production disruptions. Prolonged disruption to global supply chains could delay the receipt of raw materials and finished goods, impair our ability to fulfill customer orders, and increase the cost of maintaining adequate inventory levels. Heightened sanctions enforcement, including U.S. designations targeting entities in China and other countries for facilitating Iranian trade networks, could affect our supply chain relationships or require additional compliance diligence. More broadly, sustained regional instability, rising energy costs, and the risk of global economic slowdown could reduce consumer demand for our products. There can be no assurance that these conditions will not worsen or that further escalation will not occur. Any of the foregoing could have a material adverse effect on our business, financial condition, and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**Issuer Purchases of Equity Securities**

The following table summarizes our stock repurchase activity for the three months ended March 31, 2026 (in thousands, except for price per share) and the approximate dollar value of shares that may yet be purchased pursuant to our authorized share repurchase program:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of the publicly announced plans or programs ⁽¹⁾	Approximate dollar value of shares that may yet be purchased under the plans or programs ⁽¹⁾
January 1, 2026 - January 31, 2026	—	—	—	—
February 1, 2026 - February 28, 2026	—	—	—	—
March 1, 2026 - March 31, 2026	1,052,672	\$ 2.85	1,052,672	\$ 22,000,007
Total	1,052,672	\$ 2.85	1,052,672	\$ 22,000,007

(1) On February 20, 2026, the Company's Board of Directors approved the Company's first share repurchase program for up to \$25.0 million of its outstanding common stock. The repurchase program has no expiration date and may be modified, suspended or terminated at any time.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.**EXHIBIT INDEX**

Exhibit Number	Exhibit Description
3.1	Amended and Restated Articles of Incorporation, as currently in effect (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-40378), filed with the SEC on May 11, 2021).
3.2	Amended and Restated Bylaws, as currently in effect (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-40378), filed with the SEC on March 12, 2025).
10.1	The Honest Company, Inc. Severance Plan and Summary Plan Description.
10.2	First Amendment to Credit Agreement and First Amendment to Pledge and Security Agreement (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40378), filed with the SEC on April 6, 2026).
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 *	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 *	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
104	Cover page formatted as inline XBRL and contained in Exhibit 101

* Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

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.

Date: May 6, 2026

The Honest Company, Inc.
By: /s/ Carla Vernón

Carla Vernón
Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 6, 2026

By: /s/ Curtiss Bruce

Curtiss Bruce
Executive Vice President, Chief Financial Officer
*(Principal Financial Officer and
Accounting Officer)*

**THE HONEST COMPANY, INC.
SEVERANCE PLAN
AND SUMMARY PLAN DESCRIPTION**

**(Adopted by the Compensation Committee of the Board of Directors and effective
on February 24, 2026)**

1. Introduction. The purpose of The Honest Company, Inc. Severance Plan (the “Plan”) is to provide specified severance benefits to eligible employees of the Company whose employment is involuntarily terminated other than for Cause or who resign for Good Reason under the circumstances described in the Plan. The Plan is an “employee welfare benefit plan,” as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended. This document constitutes both the written instrument under which the Plan is maintained and the required summary plan description for the Plan.

2. Defined Terms. The following terms shall have the following meanings:

2.1 “Administrator” means the Compensation Committee of the Board or another duly constituted committee of members of the Board, or officers of the Company as delegated by the Board, or any person to whom the Administrator or Board has delegated any authority or responsibility pursuant to terms of the Plan, but only to the extent of such delegation.

2.2 “Affiliate” means, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 promulgated under the Securities Act.

2.3 “Board” means the Board of Directors of the Company.

2.4 “Cause” shall have the meaning set forth in the employment agreement between the Company and the Covered Employee, and in the absence of such a definition, means any one of the following: (a) willful material breach by the Covered Employee of any material Company policy (including, but not limited to, the Company’s policies on nondiscrimination, anti-harassment, and confidential information) or the Covered Employee’s duties or obligations under any employment agreement or offer letter between the Covered Employee and the Company; (b) the Covered Employee’s willful engagement in conduct materially injurious to the Company, monetarily or otherwise; (c) acts of fraud, theft or other willful illegal acts calling into question the Covered Employee’s personal integrity, or conviction on a felony charge, whether or not related to the Covered Employee’s employment hereunder, excluding traffic offenses; or (d) the Covered Employee’s willful refusal to follow lawful instructions of the Board. In order to terminate the Covered Employee’s employment for Cause pursuant to (a) or (d), but only to the extent the Board determines in its reasonable discretion that such breach is amenable to cure, the Board must provide the Covered Employee with written notice within thirty (30) days after the first occurrence of the event giving rise to Cause setting forth the basis for the existence of Cause, allow the Covered Employee thirty (30) days from receipt of such written notice to cure such event, and if such event is not reasonably cured within such period, the Company must terminate the Covered Employee’s employment not later than thirty (30) days after the expiration of the cure period.

2.5 “Change in Control” has the meaning set forth in The Honest Company, Inc. 2021 Equity Incentive Plan or any successor thereto.

2.6 “Change in Control Period” shall mean the period beginning three (3) months prior to and ending twelve (12) months following the effective date of a Change in Control.

2.7 “COBRA Payment Period” means the applicable period of time during which the Company will pay a Covered Employee’s COBRA premiums on behalf of the Covered Employee, as set forth in the applicable subsection of Section 4 of this Plan.

2.8 “Code” means the Internal Revenue Code of 1986, as amended.

2.9 “Company” means The Honest Company, Inc., a Delaware corporation.

2.10 “Covered Employee” means the CEO and each Tier 1 Covered Employee.

2.11 “Disability” has the meaning set forth in The Honest Company, Inc. 2021 Equity Incentive Plan or any successor thereto.

2.12 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

2.13 “CEO” refers to the Chief Executive Officer of the Company.

2.14 “Good Reason” shall have the meaning set forth in the employment agreement between the Company and the Covered Employee, and in the absence of such a definition, means any one or more of the following without the Covered Employee’s consent: (a) an assignment of duties or responsibilities (including reporting responsibilities) materially inconsistent with, or which materially reduce, the Covered Employee’s duties, authority, responsibilities and status with the Company; (b) an adverse change in the Covered Employee’s title; (c) any material reduction in the Covered Employee’s base salary, other than a reduction, generally applicable to other executives of the Company, by not more than 25%; (d) the relocation of the Covered Employee’s principal place of employment to a location that is more than thirty-five (35) miles away from its current location; or (e) the uncured breach of any material provision of this Agreement (or any other agreement with the Covered Employee) by the Company. In order to resign for Good Reason, the Covered Employee must provide written notice to the Company’s Board within thirty (30) days after the first occurrence of the event giving rise to Good Reason setting forth the basis for the Covered Employee’s resignation, allow the Company thirty (30) days from receipt of such written notice to cure such event, and if such event is not reasonably cured within such period, the Covered Employee must resign from all positions the Covered Employee then holds with the Company not later than thirty (30) days after the expiration of the cure period.

2.15 “Involuntary Termination” means a termination of employment of a Covered Employee under the circumstances described in Section 4.1 or 4.2.

2.16 “Participation Agreement” means an agreement entered into between the Covered Employee and the Company, as set forth in Section 5.1.

2.17 “Performance Satisfied Awards” means Company equity awards granted subject to performance-based vesting for which the applicable performance measurement period(s) thereunder have been completed, and performance has been measured and certified.

2.18 “Performance Subject Awards” means Company equity awards then-subject to on-going performance-based metrics and achievement.

2.19 “Severance Benefits” means the compensation and other benefits the Covered Employee is eligible to receive pursuant to Section 4, subject to the terms and conditions of the Plan.

2.20 “Tier 1 Covered Employee” means an employee of the Company who is designated as a “Tier 1 Covered Employee” by the Board. Such designation may be by name or corporate level.

2.21 “Time-Vesting Awards” means Company equity awards granted subject solely to time-based vesting.

3. Eligibility for Severance Benefits. An individual is eligible for Severance Benefits under the Plan, in the amount set forth in Section 4, only if they are a Covered Employee on the date they experience an Involuntary Termination.

4. Severance Benefits. Upon the termination of a Covered Employee’s employment for any reason, the Covered Employee shall be entitled to receive any (a) earned but unpaid base salary, and (b) vested employee benefits in accordance with the terms of the applicable employee benefit plan or program. In addition, the Covered Employee may be eligible to receive additional payments and benefits, as set forth in more detail below.

4.1 Involuntary Termination in Connection with a Change in Control. If, at any time within the Change in Control Period, the Company or any Affiliate terminates such Covered Employee’s employment other than for Cause (and, for the sake of clarity, other than due to death or Disability), or such Covered Employee resigns for Good Reason, then, subject to the Covered Employee’s compliance with Section 5, the Covered Employee shall receive the following Severance Benefits from the Company at the time set forth in Section 6 below:

4.1.1 Cash Severance Benefits.

(a) The Covered Employee shall receive severance payments equal to the product of (i) the sum of such Covered Employee’s annual base salary rate and target bonus, each as in effect on the date of the Involuntary Termination (disregarding for this purpose any decrease in annual base salary constituting Good Reason) and (ii) the relevant factor below.

CEO: 2.0x

Tier 1: 1.0x

(b) With respect to any annual bonus plan applicable to the Covered Employee pursuant to which such Covered Employee is eligible for a target annual bonus during such Covered Employee’s employment termination year, the Covered Employee shall receive a cash lump sum payment equal to the product of (i) such Covered Employee’s target annual bonus for the year of termination and (ii) a fraction, the numerator of which is the number of days between January 1 and the date of the Involuntary Termination, and the denominator of which is 365.

4.1.2 Payment in Respect of Benefits. If the Covered Employee timely elects continued group health plan continuation coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”), the Company shall pay the Covered Employee’s premiums on behalf of the Covered Employee for the Covered Employee’s continued coverage under the Company’s group health plans, including coverage for the Covered Employee’s eligible dependents, for (a) in the case of the CEO, eighteen (18) months; and (b) in the case of a Tier 1 Covered Employee, twelve (12) months or, in any such case, until such earlier date on which the Covered Employee becomes eligible for health coverage from another employer or ceases to be eligible for COBRA coverage for any reason. Upon the conclusion of such period of insurance premium payments made by the Company, the Covered Employee will be responsible for the entire payment of premiums (or payment for the cost of coverage) required under COBRA for the duration of the Covered Employee’s eligible COBRA coverage period. Notwithstanding the foregoing, if the Covered Employee timely elects continued group health plan continuation coverage under COBRA and at any time thereafter the Company determines, in its sole discretion, that providing the COBRA premium benefits to a Covered Employee would violate the nondiscrimination requirements under Code section 105(h) or Section 2716 of the Public Health Service

Act, or it cannot provide the COBRA premium benefits without potentially incurring financial costs or penalties under applicable law, then in lieu of paying the COBRA premiums on the Covered Employee's behalf, the Company will instead pay the Covered Employee on the last day of each remaining month of the applicable COBRA Payment Period a fully taxable cash payment equal to the COBRA premium for that month, subject to applicable tax withholding, which such payments shall end upon expiration of the applicable COBRA Payment Period; provided that the Company may, in its discretion, pay the Covered Employee a single, fully taxable cash payment in lieu of the monthly COBRA premium benefit, which amount shall equal the remaining COBRA premiums the Company would have paid during the COBRA Payment Period, subject to applicable tax withholding.

4.1.3 Equity Vesting. Each of the Covered Employee's then-outstanding, unvested Time-Vesting Awards and Performance Satisfied Awards shall accelerate and become vested and exercisable or settled with respect to one hundred percent (100%) of the unvested shares subject thereto. Performance Subject Awards shall accelerate and become vested and exercisable or settled (if at all) as set forth in the terms of the applicable award agreement; provided, however, that if any Performance Subject Awards whose measurement periods have not been completed, and performance has not been measured, as of the Change in Control, do not specify the calculation of performance upon a Change in Control, the performance will be deemed achieved at the higher of (a) the target level of performance described in the applicable award agreement or (b) the actual level of performance achieved under the terms of the applicable award agreement, if such performance is determinable as of immediately prior to the Change in Control, and the resulting number of achieved Performance Subject Awards will accelerate and become vested in full. To permit the foregoing acceleration in the event an Involuntary Termination occurs within the three-month period prior to a Change in Control, any then-unvested Company equity awards held by the Covered Employee will not terminate and will remain outstanding (provided that in no event will any Company equity award remain outstanding beyond the expiration of its maximum term) and eligible for acceleration and settlement, as applicable, with respect to the proposed Change in Control. In the event that a Change in Control is not completed during such three-month period, any unvested Company equity awards held by the Covered Employee (after giving effect to any other applicable accelerated vesting) shall automatically be forfeited effective one month following the Involuntary Termination.

4.2 Involuntary Termination Not in Connection with a Change in Control. If, other than during the Change in Control Period, the Company or any Affiliate terminates such Covered Employee's employment other than for Cause (and, for the sake of clarity, other than due to death or Disability), or such Covered Employee resigns for Good Reason, then, subject to the Covered Employee's compliance with Section 5, the Covered Employee shall receive the following Severance Benefits from the Company at the time set forth in Section 6 below:

4.2.1 Cash Severance Benefits.

(a) The Covered Employee shall receive severance payments equal to the product of (i) such Covered Employee's annual base salary rate as in effect on the date of the Involuntary Termination (disregarding for this purpose any decrease in annual base salary constituting Good Reason) and (ii) the relevant factor below:

CEO: 1.0x

Tier 1: 1.0x

(b) With respect to any annual bonus plan applicable to the Covered Employee pursuant to which such Covered Employee is eligible for a target annual bonus during such Covered Employee's employment termination year, the Covered Employee shall receive a cash lump sum payment equal to the product of (i) such Covered Employee's target annual bonus for the year of

termination and (ii) a fraction, the numerator of which is the number of days between January 1 and the date of the Involuntary Termination, and the denominator of which is 365.

4.2.2 Payment in Respect of Benefits. If the Covered Employee timely elects continued group health plan continuation coverage under COBRA, the Company shall pay the Covered Employee's premiums on behalf of the Covered Employee for the Covered Employee's continued coverage under the Company's group health plans, including coverage for the Covered Employee's eligible dependents, for (a) in the case of the CEO, twelve (12) months; and (b) in the case of a Tier 1 Covered Employee, twelve (12) months or, in any such case, until such earlier date on which the Covered Employee becomes eligible for health coverage from another employer or ceases to be eligible for COBRA coverage for any reason. Upon the conclusion of such period of insurance premium payments made by the Company, the Covered Employee will be responsible for the entire payment of premiums (or payment for the cost of coverage) required under COBRA for the duration of the Covered Employee's eligible COBRA coverage period. Notwithstanding the foregoing, if the Covered Employee timely elects continued group health plan continuation coverage under COBRA and at any time thereafter the Company determines, in its sole discretion, that providing the COBRA premium benefits to a Covered Employee would violate the nondiscrimination requirements under Code section 105(h) or Section 2716 of the Public Health Service Act, or it cannot provide the COBRA premium benefits without potentially incurring financial costs or penalties under applicable law, then in lieu of paying the employer portion of the COBRA premiums on the Covered Employee's behalf, the Company will instead pay the Covered Employee on the last day of each remaining month of the applicable COBRA Payment Period a fully taxable cash payment equal to the COBRA premium for that month, subject to applicable tax withholding, which such payments shall end upon expiration of the applicable COBRA Payment Period; provided that the Company may, in its discretion, pay the Covered Employee a single, fully taxable cash payment in lieu of the monthly COBRA premium benefit, which amount shall equal the remaining COBRA premiums the Company would have paid during the COBRA Payment Period, subject to applicable tax withholding.

5. Conditions to Receipt of Severance.

5.1 Release Agreement and Participation Agreement. As a condition to receiving Severance Benefits under the Plan, each Covered Employee will be required to sign a Participation Agreement and to sign (and allow to become effective, as applicable) a customary and standard waiver and release of all claims arising out of his or her Involuntary Termination and employment with the Company and its Affiliates (the "Release") in such form as may be provided by the Company. The Release will include specific information regarding the amount of time the Covered Employee will have to consider the terms of the Release and return the signed agreement to the Company, which period of time, in all cases, will comply with the requirements of the jurisdiction in which such Covered Employee resides. In no event will the period to return the Release be longer than 55 days, inclusive of any revocation period set forth in the Release, following the Covered Employee's Involuntary Termination (the "Release Period").

5.2 Plan Benefits Supersede Prior Benefits. For each Covered Employee, this Plan shall supersede any other change in control or severance benefit plan, policy or practice previously maintained by the Company with respect to a Covered Employee and any change in control or severance benefits in any individually negotiated employment contract or other agreement between the Company and a Covered Employee. Notwithstanding the foregoing, the Covered Employee's outstanding equity awards covering Company common stock shall remain subject to the terms of the applicable equity plan under which such awards were granted that may apply upon a Change in Control and/or termination of such employee's service, and no provision of this Plan shall be construed as to limit the actions that may be taken, or to violate the terms, thereunder.

5.3 Certain Reductions. The Administrator will reduce a Covered Employee's benefits under the Plan by any other statutory severance obligations or contractual severance benefits, obligations for pay in lieu of notice, and any other similar benefits payable to the Covered Employee by the Company (or any successor thereto) that are due in connection with the Covered Employee's termination and that are in the same form as the benefits provided under the Plan (e.g., equity award vesting credit). Without limitation, this reduction includes a reduction for any benefits required pursuant to (a) any applicable legal requirement, including, without limitation, the Worker Adjustment and Retraining Notification Act of 1988 and any similar state or local laws (collectively, the "WARN Act"), (b) a written employment, severance or equity award agreement with the Company, (c) any Company policy or practice providing for the Covered Employee to remain on the payroll for a limited period of time after being given notice of the termination of the Covered Employee's employment, and (d) any required salary continuation, notice pay, statutory severance payment, or other payments either required by local law, or owed pursuant to a collective labor agreement, as a result of the termination of the Covered Employee's employment. The benefits provided under the Plan are intended to satisfy, to the greatest extent possible, and not to provide benefits duplicative of, any and all statutory, contractual and collective agreement obligations of the Company in respect of the form of benefits provided under the Plan that may arise out of a termination, and the Administrator will so construe and implement the terms of the Plan. Reductions may be applied on a retroactive basis, with benefits previously provided being recharacterized as benefits pursuant to the Company's statutory or other contractual obligations. The payments pursuant to the Plan are in addition to, and not in lieu of, any unpaid salary, bonuses or employee welfare benefits to which a Covered Employee may be entitled for the period ending with the Covered Employee's termination.

5.4 Other Requirements. A Covered Employee's receipt of severance payments pursuant to Sections 4.1 or 4.2 will be subject to the Covered Employee continuing to comply with the provisions of this Section 5 and the terms of any confidential information agreement, proprietary information and inventions agreement, any covenants agreement, any other similar agreement to the foregoing and such other appropriate agreement between the Covered Employee and the Company. Benefits under the Plan shall terminate immediately for a Covered Employee if such Covered Employee, at any time, materially breaches any such agreement or the provisions of this Section 5.

5.5 Section 280G. Any provision of the Plan to the contrary notwithstanding, if any payment or benefit a Covered Employee would receive from the Company and its Affiliates or an acquiror pursuant to the Plan or otherwise (a "Payment") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment will be equal to the Higher Amount (defined below). The "Higher Amount" will be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax, or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Covered Employee's receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Higher Amount, reduction will occur in the manner that results in the greatest economic benefit for a Covered Employee. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata. In no event will the Company, any Affiliate or any stockholder be liable to any Covered Employee for any amounts not paid as a result of the operation of this Section 5.5.

6. Timing of Benefits. Subject to any delay required by Section 7 below, (a) severance payments under Section 4.1.1(a) or 4.2.1(a) will be paid as continuation on the Company's regular payroll, beginning no later than the first regularly-scheduled payroll date following the sixtieth (60th) day after the Involuntary Termination, and (b) any pro-rata bonus under Section 4.1.1(b) or 4.2.1(b) shall be paid within thirty (30) days of the Release becoming effective and irrevocable; provided, however, that with respect to any payments under this Plan that are subject to a Release, if the Release revocation period crosses two (2) calendar years, the payment shall be made (or commence, as they case may be) in the second of the two (2) years if necessary to avoid taxation under Section 409A (as defined in Section 7).

7. Section 409A. Notwithstanding anything to the contrary in the Plan, no severance payments or benefits will become payable until the Covered Employee has a "separation from service" within the meaning of Section 409A of the Code and the final regulations and any guidance promulgated thereunder ("Section 409A") if such payments or benefits would constitute deferred compensation for purposes of Section 409A ("Deferred Compensation Severance Benefits"). Further, if the Covered Employee is subject to Section 409A and is a "specified employee" within the meaning of Section 409A at the time of the Covered Employee's separation from service (other than due to death), then any Deferred Compensation Separation Benefits otherwise due to the Covered Employee on or within the six-month period following his or her separation from service will accrue during such six-month period and will become payable in a lump sum payment (less applicable withholding taxes) on the date six (6) months and one (1) day following the date of the Covered Employee's separation from service if necessary to avoid adverse taxation under Section 409A. All subsequent payments of Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if the Covered Employee dies following his or her separation from service but prior to the six-month anniversary of his or her date of separation, then any payments delayed in accordance with this paragraph will be payable in a lump sum (less applicable withholding taxes) to the Covered Employee's estate as soon as administratively practicable after the date of his or her death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment and benefit payable under the Plan is intended to constitute a separate payment for purposes of Section 409A. It is the intent of the Plan to be exempt from (or if not exempt from, to comply with) the requirements of Section 409A, so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply.

8. Withholding. The Company will withhold from any Severance Benefits all federal, state, local and other taxes required to be withheld therefrom and any other required payroll deductions.

9. Administration. The Plan will be administered and interpreted by the Administrator (in their, his or her sole discretion). The Administrator is the "named fiduciary" of the Plan for purposes of ERISA and will be subject to the fiduciary standards of ERISA when acting in such capacity. Any decision made or other action taken by the Administrator prior to a Change in Control with respect to the Plan, and any interpretation by the Administrator prior to a Change in Control of any term or condition of the Plan, or any related document, will be conclusive and binding on all persons and be given the maximum possible deference allowed by law. Following a Change in Control, any decision made or other action taken by the Administrator with respect to the Plan, and any interpretation by the Administrator of any term or condition of the Plan, or any related document that (a) does not affect the benefits payable under the Plan shall not be subject to review unless found to be arbitrary and capricious, or (b) does affect the benefits payable under the Plan shall not be subject to review unless found to be unreasonable or not to have been made in good faith. In accordance with Section 2.1, the Administrator may, in its sole

discretion and on such terms and conditions as it may provide, delegate in writing to one or more officers of the Company all or any portion of its authority or responsibility with respect to the Plan; provided, however, that any Plan amendment or termination or any other action that could reasonably be expected to increase significantly the cost of the Plan must be approved by the Board or the Compensation Committee of the Board.

10. Eligibility to Participate. To the extent that the Administrator has delegated administrative authority or responsibility to one or more officers of the Company in accordance with Section 2.1 and Section 9, each such officer will not be excluded from participating in the Plan if otherwise eligible, but he or she is not entitled to act or pass upon any matters pertaining specifically to his or her own benefit or eligibility under the Plan. The Administrator will act upon any matters pertaining specifically to the benefit or eligibility of each such officer under the Plan.

11. Amendment or Termination. The Company, by action of the Administrator, reserves the right to amend or terminate the Plan at any time, without advance notice to any Covered Employee and without regard to the effect of the amendment or termination on any Covered Employee or on any other individual. Any amendment or termination of the Plan will be in writing. Notwithstanding the preceding, once the Change in Control Period has begun, the Company may not, without a Covered Employee's written consent, amend or terminate the Plan in any way, nor take any other action, that (a) prevents that Covered Employee from becoming eligible for Severance Benefits under the Plan or (b) reduces or alters to the detriment of the Covered Employee the Severance Benefits payable, or potentially payable, to a Covered Employee under the Plan (including, without limitation, imposing additional conditions or modifying the timing of payment). Any action of the Company in amending or terminating the Plan will be taken in a non-fiduciary capacity. For the avoidance of doubt, in the event a Change in Control occurs during the term of the Plan, the Plan shall not terminate until the Change in Control Period has expired and any benefits payable have been paid.

12. Claims Procedure. Claims for benefits under the Plan shall be administered in accordance with Section 503 of ERISA and the Department of Labor Regulations thereunder.

(a) Any employee or other person who believes he or she is entitled to any payment under the Plan (a "claimant") may submit a claim in writing to the Administrator within 90 days of the earlier of (a) the date the claimant learned the amount of their Severance Benefits under the Plan, or (b) the date the claimant learned that he or she will not be entitled to any benefits under the Plan. In determining claims for benefits, the Administrator or its delegate has the authority to interpret the Plan, to resolve ambiguities, to make factual determinations, and to resolve questions relating to eligibility for and amount of benefits. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice will also describe any additional information or material that the Administrator needs to complete the review and an explanation of why such information or material is necessary and the Plan's procedures for appealing the denial (including a statement of the applicant's right to bring a civil action under Section 502(a) of ERISA following a denial on review of the claim, as described below). The denial notice will be provided within ninety (90) days after the claim is received. If special circumstances require an extension of time (up to ninety (90) days), written notice of the extension will be given to the claimant (or representative) within the initial 90-day period. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision on the claim. If the extension is provided due to a claimant's failure to provide sufficient information, the time frame for rendering the decision is tolled from the date the

notification is sent to the claimant about the failure to the date on which the claimant responds to the request for additional information. .

(b) If the claimant's claim is denied, the claimant (or his or her authorized representative) may apply in writing to an appeals official appointed by the Administrator (which may be a person, committee or other entity) for a review of the decision denying the claim. Review must be requested within sixty (60) days following the date the claimant received the written notice of their claim denial or else the claimant loses the right to review. A request for review must set forth all of the grounds on which it is based, all facts in support of the request, and any other matters that the claimant feels are pertinent. In connection with the request for review, the claimant (or representative) has the right to review and obtain copies of all documents and other information relevant to the claim, upon request and at no charge, and to submit written comments, documents, records and other information relating to his or her claim. The review shall take into account all comments, documents, records and other information submitted by the claimant (or representative) relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The appeals official will provide written notice of its decision on review within sixty (60) days after it receives a review request. If special circumstances require an extension of time (up to sixty (60) days), written notice of the extension will be given to the claimant (or representative) within the initial 60-day period. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the appeals official expects to render its decision. If the extension is provided due to a claimant's failure to provide sufficient information, the time frame for rendering the decision on review is tolled from the date the notification is sent to the claimant about the failure to the date on which the claimant responds to the request for additional information. If the claim is denied (in full or in part) upon review, the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice shall also include a statement that the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents and other information relevant to the claim and a statement regarding the claimant's right to bring an action under Section 502(a) of ERISA.

(c) The Administrator will establish rules and procedures, consistent with the Plan and ERISA, as necessary and appropriate, in carrying out its responsibilities in reviewing benefit claims. The Administrator may delegate its claims and appeals review authority to one or more officers or employees of the Company. The Administrator may require a claimant who wishes to submit additional information in connection with an appeal to do so at the claimant's own expense.

13. Judicial Proceedings. No judicial proceeding shall be brought to recover benefits under the Plan until the claims procedures described in Section 12 has been exhausted and the Plan benefits requested have been denied in whole or in part. If any judicial proceeding is undertaken to further appeal the denial of a claim or bring any other action under ERISA (other than a breach of fiduciary duty claim), the evidence presented shall be strictly limited to the evidence timely presented to the Administrator or its delegate. In addition, any such judicial proceeding must be filed within one (1) year after the claimant's receipt of notification that his or her appeal was denied and in the U.S. District Court for the Central District Court of California.

14. Source of Payments. All Severance Benefits will be paid in cash from the general funds of the Company; no separate fund will be established under the Plan, and the Plan will have no assets. No right of any person to receive any payment under the Plan will be any greater than the right of any other general unsecured creditor of the Company.

15. Inalienability. In no event may any current or former employee of the Company or any of its Affiliates sell, transfer, anticipate, assign or otherwise dispose of any right or interest under the Plan. At no time will any such right or interest be subject to the claims of creditors nor liable to attachment, execution or other legal process.

16. No Enlargement of Employment Rights. Neither the establishment nor maintenance of the Plan, any amendment of the Plan, nor the making of any benefit payment hereunder, will be construed to confer upon any individual any right to be continued as an employee of the Company. The Company expressly reserves the right to discharge any of its employees at any time, with or without cause. However, as described in the Plan, a Covered Employee may be entitled to benefits under the Plan depending upon the circumstances of his or her termination of employment.

17. Successors. Any successor to the Company of all or substantially all of the Company's business and/or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) will assume the obligations under the Plan and agree expressly to perform the obligations under the Plan in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under the Plan, the term "Company" will include any successor to the Company's business and/or assets which become bound by the terms of the Plan by operation of law, or otherwise.

18. Applicable Law. The provisions of the Plan will be construed, administered and enforced in accordance with ERISA. To the extent ERISA is not applicable, the provisions of the Plan will be governed by the internal substantive laws of the State of Delaware, and construed accordingly, without giving effect to principles of conflicts of laws.

19. Severability. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provision of the Plan, and the Plan will be construed and enforced as if such provision had not been included.

20. Headings. Headings in the Plan document are for purposes of reference only and will not limit or otherwise affect the meaning hereof.

21. Indemnification. The Company hereby agrees to indemnify and hold harmless the officers and employees of the Company, and the members of its boards of directors, from all losses, claims, costs or other liabilities arising from their acts or omissions in connection with the administration, amendment or termination of the Plan, to the maximum extent permitted by applicable law. This indemnity will cover all such liabilities, including judgments, settlements and costs of defense. The Company will provide this indemnity from its own funds to the extent that insurance does not cover such liabilities. This indemnity is in addition to and not in lieu of any other indemnity provided to such person by the Company.

23. Additional Information.

Plan Name:	The Honest Company, Inc. Severance Plan
Plan Sponsor:	The Honest Company, Inc. 12130 Millennium Drive, #500 Los Angeles, CA 90094 (888) 862-8818

Identification Numbers: EIN: 90-0750205
PLAN NUMBER: 502
Plan Year: Company's Fiscal Year ending December 31
Plan Administrator: The Honest Company, Inc.
12130 Millennium Drive, #500
Los Angeles, CA 90094
(888) 862-8818
Agent for Service of The Honest Company, Inc.
Legal Process: General Counsel
12130 Millennium Drive, #500
Los Angeles, CA 90094
(888) 862-8818
Type of Plan: Severance Plan/Employee Welfare Benefit Plan
Plan Costs: The cost of the Plan is paid by the Employer.

24. Statement of Covered Employee ERISA Rights.

As a Covered Employee under the Plan, you have certain rights and protections under ERISA:

- (a) You may examine (without charge) all Plan documents, including any amendments and copies of all documents filed with the U.S. Department of Labor. These documents are available for your review in the Company's intranet site at <https://inside.honest.com>.
- (b) You may obtain copies of all Plan documents and other Plan information upon written request to the Administrator at no charge.

In addition to creating rights for Covered Employees, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan (called "fiduciaries") have a duty to do so prudently and in the interests of you and the other Covered Employees. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA. If your claim for a severance benefit is denied, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. (The claim review procedure is explained in Section 13 and Section 14 above.)

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents and do not receive them within thirty days, you may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and to pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim which is denied or ignored, in whole or in part, you may file suit in a federal court. If it should happen that you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

If you have any questions regarding the Plan, please contact the Administrator or the Company's Chief Legal Officer. If you have any questions about this statement or about your rights under

ERISA, you may contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration at 1-866-444-3272.

CERTIFICATION

I, Carla Vernón, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Honest Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

By: /s/ Carla Vernón

Carla Vernón
Chief Executive Officer and Director
(Principal Executive Officer)

CERTIFICATION

I, Curtiss Bruce, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Honest Company, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2026

By: /s/ Curtiss Bruce

Curtiss Bruce
Executive Vice President, Chief Financial Officer
(Principal Financial Officer and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of The Honest Company, Inc. (the “Company”) for the period ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Curtiss Bruce, Chief Financial Officer of the Company, certify, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2026

By: /s/ Curtiss Bruce

Curtiss Bruce
Executive Vice President, Chief Financial Officer
(Principal Financial Officer and Accounting Officer)

This certification shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act. Such certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.