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 June 30, 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

HONEST

The Honest Company, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**90-0750205**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
12130 Millennium Drive, #500	
Los Angeles, CA	**90094**
(Address of Principal Executive Offices)	(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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☒		

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

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 July 31, 2026, the registrant had 107,284,379 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; 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)

	June 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	$ 105,899	$ 89,581
Accounts receivable, net	38,093	33,761
Inventories	49,661	72,501
Prepaid expenses and other current assets	7,018	6,590
Total current assets	200,671	202,433
Operating lease right-of-use asset	8,074	11,351
Property and equipment, net	8,249	7,477
Goodwill	2,269	2,269
Intangible assets, net	127	162
Other assets	734	1,715
Total assets	$ 220,124	$ 225,407
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 17,832	$ 15,134
Accrued expenses	33,068	35,685
Total current liabilities	50,900	50,819
Long term liabilities		
Operating lease liabilities, net of current portion	2,204	4,919
Total liabilities	53,104	55,738
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock, $0.0001 par value, 20,000,000 shares authorized at June 30, 2026 and December 31, 2025, none issued or outstanding as of June 30, 2026 and December 31, 2025	—	—
Common stock, $0.0001 par value, 1,000,000,000 shares authorized at June 30, 2026 and December 31, 2025; 114,663,122 and 112,809,637 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	11	11
Treasury stock, at cost, 5,575,583 and 0 shares as of June 30, 2026 and December 31, 2025, respectively	(18,882)	—
Additional paid-in capital	676,124	670,536
Accumulated deficit	(490,233)	(500,878)
Total stockholders' equity	167,020	169,669
Total liabilities and stockholders' equity	$ 220,124	$ 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
(Unaudited)
(in thousands, except share and per share amounts)

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Revenue	$ 83,303	$ 93,459	$ 161,402	$ 190,709
Cost of revenue	42,943	55,707	87,771	115,287
Gross profit	40,360	37,752	73,631	75,422
Operating expenses				
Selling, general and administrative	14,967	20,352	32,436	41,393
Marketing	14,476	12,552	28,469	24,822
Restructuring	(383)	—	223	—
Research and development	1,722	1,960	3,584	3,812
Total operating expenses	30,782	34,864	64,712	70,027
Operating income	9,578	2,888	8,919	5,395
Interest and other income (expense), net	1,174	1,026	1,838	1,812
Income before provision for income taxes	10,752	3,914	10,757	7,207
Income tax provision	65	44	111	84
Net income	$ 10,687	$ 3,870	$ 10,646	$ 7,123
Net income per share attributable to common stockholders:				
Basic	$ 0.10	$ 0.03	$ 0.10	$ 0.06
Diluted	$ 0.09	$ 0.03	$ 0.09	$ 0.06
Weighted-average shares used in computing net income per share attributable to common stockholders:				
Basic	110,734,911	110,991,363	111,771,587	110,275,931
Diluted	113,106,023	114,041,772	113,355,168	114,310,420
Comprehensive income	$ 10,687	$ 3,870	$ 10,646	$ 7,123

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
Net income	—	—	—	—	—	3,870	3,870
Stock-based compensation	—	—	—	—	2,716	—	2,716
Vested restricted stock units	1,093,352	—	—	—	—	—	—
Shares issued under employee stock purchase plan	18,189	—	—	—	85	—	85
Balances at June 30, 2025	111,600,237	$ 11	—	$ —	$ 665,085	$ (478,068)	$ 187,028

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, 2025	112,809,637	$ 11	—	$ —	$ 670,536	$ (500,878)	$ 169,669
Net loss	—	—	—	—	—	(42)	(42)
Repurchase of common stock, net of excise taxes and fees	—	—	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
Net income	—	—	—	—	—	10,687	10,687
Repurchase of common stock, net of excise taxes and fees	—	—	4,522,911	(15,882)	—	—	(15,882)
Stock-based compensation	—	—	—	—	3,015	—	3,015
Vested restricted stock units	888,315	—	—	—	—	—	—
Shares issued under employee stock purchase plan	47,524	—	—	—	108	—	108
Balances at June 30, 2026	114,663,122	$ 11	5,575,583	$ (18,882)	$ 676,124	$ (490,233)	$ 167,020

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 six months ended June 30,	
	2026	2025
Cash flows from operating activities		
Net income	$ 10,646	$ 7,123
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,344	1,458
Stock-based compensation	5,480	5,128
Amortization of operating ROU assets	3,277	3,293
Other	1,802	2,200
Changes in assets and liabilities:		
Accounts receivable, net	(4,380)	(1,601)
Inventories	23,006	(11,386)
Prepaid expenses and other assets	(776)	1,012
Accounts payable, accrued expenses and other long-term liabilities	(323)	(6,462)
Deferred revenue	—	(218)
Operating lease liabilities	(2,307)	(4,230)
Net cash provided by (used in) operating activities	37,769	(3,683)
Cash flows from investing activities		
Purchases of property and equipment	(2,498)	(143)
Net cash used in investing activities	(2,498)	(143)
Cash flows from financing activities		
Repurchase of common stock	(19,061)	—
Proceeds from exercise of stock options	—	384
Proceeds from 2021 ESPP	108	85
Payments on finance lease liabilities	—	(1)
Net cash (used in) provided by financing activities	(18,953)	468
Net increase (decrease) in cash and cash equivalents	16,318	(3,358)
Cash and cash equivalents		
Beginning of the period	89,581	75,435
End of the period	$ 105,899	$ 72,077
Supplemental disclosures of noncash activities		
Capital expenditures included in accounts payable and accrued expenses	$ 79	$ 120

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

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 June 30, 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. The significant expense categories which are used to manage operations are those reflected in the Company's condensed consolidated statements of comprehensive income. Refer to the condensed consolidated statements of comprehensive income included in the condensed 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 June 30, 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 June 30, 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

	For the three months ended June 30,		For the six months ended June 30,	
(In thousands)	**2026**	**2025**	**2026**	**2025**
Wipes	$ 39,471	$ 28,742	$ 70,821	$ 56,429
Personal Care and Other(1)	20,525	20,759	46,446	42,496
Diapers	20,193	25,622	41,021	51,354
Honest.com, Apparel and Canada(2)	3,114	18,336	3,114	40,430
Total revenue	$ 83,303	$ 93,459	$ 161,402	$ 190,709

(1) Includes $1.5 million reduction to revenue related to write-off of uncommitted marketing and transportation credits. See below under "Non-Monetary Transactions" for additional information for the three and six months ended June 30, 2026.
(2) For the three and six months ended June 30, 2026, represents revenue related to the partial liquidation of the Company's remaining apparel inventory. See below under "Licensing and Inventory Purchase Agreement" for additional information.

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. 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 and six months ended June 30, 2026. Revenue generated from Honest.com was 11% of the Company's total revenue during both the three and six months ended June 30, 2025.

Non-Monetary Transactions

The Company has in the past entered 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 six months ended June 30, 2026 and 2025, the Company did not enter into any new trade agreements.

As of June 30, 2026, the Company made the decision to discontinue further utilization of the uncommitted marketing and transportation credits. As a result, the Company recorded a $1.5 million reduction to revenue in the condensed consolidated statements of comprehensive income and a corresponding write-off of $1.5 million of remaining uncommitted marketing and transportation credit assets, consisting of a $0.8 million reduction to prepaid expenses and other current assets and a $0.7 million reduction to other assets in the condensed consolidated balance sheets. As of June 30, 2026, $0.1 million committed trade credits remain that are expected to be utilized in the third quarter of 2026.

Other than above, the Company did not recognize any revenue or associated cost of revenue related to these credits during the three and six months ended June 30, 2026 and 2025. 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. For the six months ended June 30, 2026 and 2025, the Company recorded no impairment losses related to these credits and used an aggregate of $0.4 million and $0.3 million of credits, respectively.

Licensing and Inventory Purchase Agreement

On June 1, 2026, the Company entered into a License Agreement (the “License Agreement”) and an accompanying Inventory Purchase Agreement with O5-MD, LLC and O5 North ULC (collectively, the “Licensee”). The License Agreement grants the Licensee an exclusive license to manufacture, distribute, promote, and sell certain apparel, accessories, bath and bedding products, and footwear under "The Honest Company" and "Honest Baby" trademarks. The primary territory for the License Agreement covers the United States, Canada, and Mexico, as well as specified international club and off-price accounts. Under the License Agreement, the Company will earn royalty revenue on the Licensee's net sales. The initial term of the License Agreement expires on December 31, 2030. The Licensee holds the option to renew the agreement for two additional successive five-year terms, provided it complies with all material terms, meets required notice periods, among other requirements. For the three and six months ended June 30, 2026, the Company did not recognize any royalty revenue with respect to the License Agreement.

In connection with the License Agreement, the Licensee agreed to purchase the Company's remaining on-hand inventory of licensed apparel products for a total purchase price of $10.0 million, subject to certain adjustments for inventory deficiencies or missing certifications. The purchase price is payable in installments, with four 25% payments tied to the delivery timeline. For the three and six months ended June 30, 2026, the Company recognized $3.1 million in revenue and $3.1 million in cost of revenue related to the partial liquidation of the remaining apparel inventory, that was delivered to the Licensee at its carrying value, resulting in no gross profit. These transactions resulted in a corresponding increase in accounts receivable and a decrease in inventory of $3.1 million each.

4. Fair Value Measurements

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

(In thousands)	June 30, 2026 Level 1	Level 2	Level 3	Total
Money market funds	$ 71,837	$ —	$ —	$ 71,837
Total cash equivalents	$ 71,837	$ —	$ —	$ 71,837

(In thousands)	December 31, 2025 Level 1	Level 2	Level 3	Total
Money market funds	$ 65,607	$ —	$ —	$ 65,607
Total cash equivalents	$ 65,607	$ —	$ —	$ 65,607

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 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. For the three and six months ended June 30, 2026, the commitment fee incurred was immaterial. As of June 30, 2026, there was $2.7 million of outstanding letters of credit. As of June 30, 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 June 30, 2026, the Company is in compliance with all covenants under the 2026 Credit Facility.

6. Accrued Expenses

Accrued expenses consisted of the following:

(In thousands)	June 30, 2026	December 31, 2025
Payroll and payroll related expenses(1)	$ 5,425	$ 4,390
Accrued inventory purchases	4,829	8,387
Accrued marketing	1,629	1,181
Accrued rent(2)	7,304	9,042
Accrued restructuring(3)	3,848	4,534
Other accrued expenses(4)	10,033	8,151
Total accrued expenses	$ 33,068	$ 35,685

(1) Includes $0.2 million of executive transition related expenses as of December 31, 2025.
(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.
(4) Includes estimated tariff refund obligations to third-party manufacturers. Refer to Note 7, "Commitments and Contingencies" included in these condensed consolidated financial statements for more information on tariff refunds.

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 condensed 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 (the "California State Derivative Action"), with similar allegations. A fourth derivative complaint was filed by David Butler in the U.S. District Court for the District of Delaware (the "District of Delaware Action") 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 was held on July 13, 2026. The settlement received final approval from the Central District of California on July 13, 2026. 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 June 30, 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. Pursuant to the final approval of settlement in the California Federal Derivative Action, on July 17, 2026, the parties in the District of Delaware Action filed a stipulation to voluntarily dismiss the action with prejudice, which the court granted on July 20, 2026. On July 28, 2026, the parties in the California State Derivative Action filed a stipulation to voluntarily dismiss the action with prejudice, which the court granted on July 30, 2026.

On November 5, 2025, the Company filed a complaint in the Central District of California 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 "Federal Court Action"). The Company has requested monetary damages and declaratory relief as determined by the Central District of California. 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. On May 8, 2026, Butterblu filed a motion to dismiss the Federal Court Action. On July 29, 2026, the Central District of California granted in part and denied in part Butterblu's motion to dismiss the Federal Court Action. 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 June 30, 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. Beginning in April 2026, the Company began filing refund claims with U.S. Customs and Border Protection related to eligible IEEPA tariff payments made. During the three and six months ended June 30, 2026, the Company received IEEPA tariff refunds totaling $11.9 million, which were recognized as a $6.6 million reduction in cost of revenue and a $0.5 million increase in interest income on the condensed consolidated statements of comprehensive income, and as a $0.6 million reduction in inventory on the condensed consolidated balance sheets. Due to the inherent uncertainty surrounding the timing and recoverability of additional refunds, no receivable or corresponding offset to expense or asset was recognized for future refunds as of June 30, 2026. Management continues to monitor these developments, including potential refund obligations to third-party manufacturers. As of June 30, 2026, the Company estimated a liability of $4.2 million included in accrued expenses on the condensed consolidated balance sheets related to these 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 June 30, 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:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2025	4,252,490	$ 5.45
Granted	—	$ —
Exercised	—	$ —
Forfeited/Cancelled	(18,313)	$ 5.35
Outstanding at June 30, 2026	4,234,177	$ 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"). 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 June 30, 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:

	Number of Shares		Weighted Average Grant Date Fair Value Per Share	
	Non-Employee Directors	Directors, Officers and Employees	Non-Employee Directors	Directors, Officers and Employees
Unvested RSUs at December 31, 2025	418,924	5,266,468	$ 4.28	$ 3.92
Granted	447,917	5,059,241	$ 3.04	$ 2.48
Vested	(362,094)	(1,443,867)	$ 4.52	$ 3.83
Forfeited	—	(949,396)	$ —	$ 3.51
Unvested RSUs at June 30, 2026	504,747	7,932,446	$ 3.01	$ 3.07

As of June 30, 2026, there was $23.8 million of unrecognized stock-based compensation expense related to unvested RSUs, which is expected to be recognized over a weighted-average period of 2.9 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 six months ended June 30, 2026, 47,524 shares were purchased under the 2021 ESPP. As of June 30, 2026, the Company had 5,735,492 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:

	June 30, 2026
Expected life of options (in years)	0.50
Expected stock price volatility	56.53%
Risk free interest rate	3.77%
Expected dividend yield	—%
Grant-date fair value per share	$1.01

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 approximately 5.6 million shares of common stock, at a weighted average share price of $3.35 per share, for an aggregate amount of approximately $18.7 million, during the six months ended June 30, 2026. As of June 30, 2026, approximately $6.3 million remained available under the share repurchase program. As of August 5, 2026, the Company repurchased approximately the full $25.0 million of its outstanding common stock 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 June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Selling, general and administrative	$ 2,815	$ 2,495	$ 5,066	$ 4,736
Research and development	200	221	414	392
Total stock-based compensation expense	$ 3,015	$ 2,716	$ 5,480	$ 5,128

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 income per share attributable to common stockholders:

(In thousands, except for share and per share values)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Numerator:				
Net income	$ 10,687	$ 3,870	$ 10,646	$ 7,123
Net income attributable to common stockholders — basic	$ 10,687	$ 3,870	$ 10,646	$ 7,123
Net income attributable to common stockholders - diluted	$ 10,687	$ 3,870	$ 10,646	$ 7,123
Denominator:				
Weighted average shares of common stock outstanding — basic	110,734,911	110,991,363	111,771,587	110,275,931
Add: effect of dilutive 2021 ESPP	7,866	—	3,933	—
Add: effect of dilutive RSUs	2,363,246	3,050,409	1,579,648	3,888,732
Add: effect of dilutive stock options	—	—	—	145,757
Weighted average shares of common stock outstanding - diluted	113,106,023	114,041,772	113,355,168	114,310,420
Net income per share, attributable to common shareholders:				
Basic	$ 0.10	$ 0.03	$ 0.10	$ 0.06
Diluted	$ 0.09	$ 0.03	$ 0.09	$ 0.06

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

	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Stock options to purchase common stock	4,236,488	3,683,015	4,243,478	1,867,008
Unvested restricted stock units	1,978,050	472,924	3,055,641	391,643
Employee stock purchase plan	26,725	23,555	37,779	22,154
Total	6,241,263	4,179,494	7,336,898	2,280,805

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 June 30, 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.

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 less than one to less than five years.

On June 14, 2026, the Company entered into a corporate office lease agreement (the "Lease") which will commence on the later of (i) March 1, 2027, and (ii) the date of "substantial completion" of the "tenant improvements" (each as defined in the Lease) (the "Contractual Lease Commencement Date"). As of June 30, 2026, the Company has not reached the lease commencement date under ASC 842, which could be earlier than the Contractual Lease Commencement Date. The initial term of the Lease is ten years from the Contractual Lease Commencement Date (the "Initial Term") with one five-year renewal option. The Company will receive a ten-month rent abatement applied to the first ten months of the third lease year. During the Initial Term, the total base rent over the Initial Term, net of rent abatement, is expected to be approximately $30.7 million. In addition to base rent, the Company will be required to pay certain additional amounts for taxes, insurance, maintenance and other operating expenses. The Landlord will provide the Company with a one-time tenant improvement allowance totaling approximately $6.9 million. To secure its obligations under the Lease, the Company was required to provide to the Landlord an irrevocable $1.2 million letter of credit.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Operating lease expense:				
Operating lease expense[(1)]	$ 1,689	$ 1,792	$ 3,474	$ 3,584
Sublease income	(501)	(501)	(1,003)	(1,003)
Total lease expense, net	$ 1,188	$ 1,291	$ 2,471	$ 2,581

(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.

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	June 30, 2026
Operating lease assets	Operating lease right-of-use asset	$ 8,074
Total lease assets		$ 8,074
Liabilities		
Current		
Operating lease liabilities	Accrued expenses	$ 7,304
Non-current		
Operating lease liabilities	Operating lease liabilities, net of current portion	2,204
Total lease liabilities		$ 9,508

Supplemental information related to the Company's leases for the six months ended June 30, 2026 was as follows:

Weighted-average remaining lease term (in years)	
Operating leases	1.5
Weighted-average discount rate	
Operating leases	2.53 %
Cash paid for amounts included in the measurement of lease liabilities (in thousands)	
Operating cash flows used in operating leases	$ 2,307

The Company did not have any non-cash ROU assets obtained in exchange for lease liabilities during the six months ended June 30, 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 condensed consolidated statements of comprehensive income:

- Contract and External Obligation Costs — includes 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 were as follows (in thousands):

	Three Months Ended June 30, 2026	Six Months Ended June 30, 2026
Cost of Revenue[(1)]	$ 1,390	$ 2,076
Restructuring Costs[(2)]	(383)	223
Total	$ 1,007	$ 2,299

(1) Represents costs in connection with a warehouse closure which is included in cost of revenue on the condensed consolidated statements of comprehensive income.
(2) Includes an adjustment related to contract and external obligation costs for the three months ended June 30, 2026. Refer to the restructuring table below for additional details of the costs included in restructuring costs for the six months ended June 30, 2026.

Charges incurred to restructuring costs for the six months ended June 30, 2026 were:

	Restructuring Costs			
	Employee and Personnel-Related Costs	Asset and Other Restructuring-Related Costs	Contract and External Obligation Costs	Total
Charges for the six months ended June 30, 2026	$ 350	$ 528	$ (655)	$ 223

Changes in accrued expenses as of June 30, 2026 were:

	Accrued Restructuring-Related Costs[1]			
	Asset and Other Restructuring-Related Costs	Contract and External Obligation Costs	Employee and Personnel-Related Costs	Total
Balance at December 31, 2025	$ 1,147	$ 2,535	$ 852	$ 4,534
Charges	1,886	—	415	2,301
Cash payments	(1,324)	(13)	(995)	(2,332)
Other adjustments	—	(655)	—	(655)
Balance at June 30, 2026	$ 1,709	$ 1,867	$ 272	$ 3,848

(1) Included in accrued expenses as of June 30, 2026. Refer to Note 6, "Accrued Expenses" included elsewhere in these condensed 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 $28.0 million to $31.0 million to be recognized through the first quarter of 2027. Of this range, we expect approximately $5.0 million to $6.0 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 $23.0 million to $25.0 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 and six months ended June 30, 2026, we have recognized $1.0 million and $2.3 million, respectively, of costs related to Powering Honest Growth, for a total of approximately $26.3 million recognized to date. See table below for additional details of the costs recognized in the three and six months ended June 30, 2026.
- Powering Honest Growth is expected to result in annualized benefits in the range of approximately $14.0 million to $17.0 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 $10.0 million to $13.0 million for the full years 2026 and 2027, with $6.5 million cash paid through the first half of 2026 and the remainder to be paid in the second half of 2026 and in 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 were as follows (in thousands):

	Three Months Ended June 30, 2026	Six Months Ended June 30, 2026
Cost of Revenue[(1)]	$ 1,390	$ 2,076
Restructuring Costs[(2)]	(383)	223
Total	$ 1,007	$ 2,299

(1) Represents costs in connection with a warehouse closure which is included in cost of revenue on the condensed consolidated statements of comprehensive income.

(2) Includes an adjustment related to contract and external obligation costs for the three months ended June 30, 2026. 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 facings 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. Product offerings in the diaper category remain competitive and retailer decisions related to the sale or promotion of competitive diaper products has negatively impacted our diaper revenue in 2026, which we expect to continue 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 retail and digital customers. The Honest.com website remains 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 and the first half of 2026; 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.

Following the February 2026 U.S. Supreme Court ruling that invalidated specific tariffs under the International Emergency Economic Powers Act (“IEEPA”), we are evaluating our eligibility for refunds of previously paid import duties. Beginning in April 2026, we began filing refund claims with U.S. Customs and Border Protection related to eligible IEEPA tariff payments made. During the three and six months ended June 30, 2026, we received IEEPA tariff refunds totaling $11.9 million, which were recognized as a $6.6 million reduction in cost of revenue and a $0.5 million increase in interest income on the condensed consolidated statements of comprehensive income, and as a $0.6 million reduction in inventory on the condensed consolidated balance sheets. Due to the inherent uncertainty surrounding the timing and recoverability of additional refunds, no receivable or corresponding offset to expense or asset was recognized as of June 30, 2026. We continue to monitor these developments, including potential refund obligations to third-party manufacturers. For details on tariff refunds received, refer to

Note 7, “Commitments and Contingencies” included in our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

We are also taking action to optimize our supply chain footprint and inventory management, along with leveraging technology to improve systems. Effective June 30, 2026, we terminated our agreement with GEODIS Logistics LLC for the use and services of a Pennsylvania warehouse that was previously part of our distribution network. As a result, we now operate exclusively in the Nevada warehouse, a state-of-the-art facility leased by us with a focus on automated large scale retail fulfillment. 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.

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. In the second quarter of 2026, we implemented price reductions on our diapers, which impacted revenue and margin in this product category.

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, partially offset by lower operating costs since the fourth quarter ended December 31, 2025, and are expected to continue to adversely impact our results of operations in 2026. 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.

Licensing and Inventory Purchase Agreement

On June 1, 2026, we entered into a License Agreement (the “License Agreement”) and an accompanying Inventory Purchase Agreement with O5-MD, LLC and O5 North ULC (collectively, the “Licensee”). The License Agreement grants the Licensee an exclusive license to manufacture, distribute, promote, and sell certain apparel, accessories, bath and bedding products, and footwear under "The Honest Company" and "Honest Baby" trademarks. The primary territory for the License Agreement covers the United States, Canada, and Mexico, as well as specified international club and off-price accounts. Under the License Agreement, we will earn royalty revenue on the Licensee's net sales. The initial term of the License Agreement expires on December 31, 2030. The Licensee holds the option to renew the agreement for two additional successive five-year terms, provided it complies with all material terms, meets required notice periods, among other requirements. For the three and six months ended June 30, 2026, we did not recognize any royalty revenue with respect to the License Agreement.

In connection with the License Agreement, the Licensee agreed to purchase our remaining on-hand inventory of licensed apparel products for a total purchase price of $10.0 million, subject to certain adjustments for inventory deficiencies or missing certifications. The purchase price is payable in installments, with four 25% payments tied to the delivery timeline. For the three and six months ended June 30, 2026, we recognized $3.1 million in revenue and $3.1 million in cost of revenue related to the partial liquidation of the remaining apparel inventory, that was delivered to the Licensee at its carrying value, resulting in no gross profit. These transactions resulted in a corresponding increase in accounts receivable and a decrease in inventory of $3.1 million each.

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, as well as through royalty revenue under the License Agreement. Our revenue is recognized net of allowances for returns, trade and other discounts, retailer violations and 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 related to Honest.com, 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 exited 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 condensed consolidated statements of comprehensive income. 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 data for each of the periods indicated:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Revenue	$ 83,303	$ 93,459	$ 161,402	$ 190,709
Cost of revenue	42,943	55,707	87,771	115,287
Gross profit	40,360	37,752	73,631	75,422
Operating expenses				
Selling, general and administrative[(1)]	14,967	20,352	32,436	41,393
Marketing	14,476	12,552	28,469	24,822
Restructuring	(383)	—	223	—
Research and development[(1)]	1,722	1,960	3,584	3,812
Total operating expenses	30,782	34,864	64,712	70,027
Operating income	9,578	2,888	8,919	5,395
Interest and other income (expense), net	1,174	1,026	1,838	1,812
Income before provision for income taxes	10,752	3,914	10,757	7,207
Income tax provision	65	44	111	84
Net income	$ 10,687	$ 3,870	$ 10,646	$ 7,123

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
(In thousands)				
Selling, general and administrative	$ 2,815	$ 2,495	$ 5,066	$ 4,736
Research and development	200	221	414	392
Total	$ 3,015	$ 2,716	$ 5,480	$ 5,128

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
	(as a percentage of revenue)			
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	51.6	59.6	54.4	60.5
Gross profit	48.4	40.4	45.6	39.5
Operating expenses				
Selling, general and administrative	18.0	21.8	20.1	21.7
Marketing	17.4	13.4	17.6	13.0
Restructuring	(0.5)	—	0.1	—
Research and development	2.1	2.1	2.2	2.0
Total operating expenses	37.0	37.3	40.1	36.7
Operating income	11.5	3.1	5.5	2.8
Interest and other income (expense), net	1.4	1.1	1.1	1.0
Income before provision for income taxes	12.9	4.2	6.7	3.8
Income tax provision	0.1	—	0.1	—
Net income	12.8 %	4.1 %	6.6 %	3.7 %

* Amounts may not sum due to rounding.

Comparison of the Three and Six Months Ended June 30, 2026 and 2025

Revenue

	For the three months ended June 30,				For the six months ended June 30,			
	2026	2025	$ change	% change	2026	2025	$ change	% change
(In thousands, except percentages)								
Revenue	$ 83,303	$ 93,459	$ (10,156)	(10.9) %	$ 161,402	$ 190,709	$ (29,307)	(15.4) %

Revenue was $83.3 million for the three months ended June 30, 2026, as compared to $93.5 million for the three months ended June 30, 2025. The decrease of $10.2 million, or 10.9%, 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 and other products.

Revenue was $161.4 million for the six months ended June 30, 2026, as compared to $190.7 million for the six months ended June 30, 2025. The decrease of $29.3 million, or 15.4%, was 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 and other 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 June 30,				For the six months ended June 30,			
	2026	2025	$ change	% change	2026	2025	$ change	% change
(In thousands, except percentages)								
Cost of revenue	$ 42,943	$ 55,707	$ (12,764)	(22.9) %	$ 87,771	$ 115,287	$ (27,516)	(23.9) %
Gross profit	$ 40,360	$ 37,752	$ 2,608	6.9 %	$ 73,631	$ 75,422	$ (1,791)	(2.4) %

Cost of revenue was $42.9 million for the three months ended June 30, 2026, as compared to $55.7 million for the three months ended June 30, 2025. The decrease of $12.8 million, or 22.9%, was primarily driven by lower costs associated with strategic exits under Powering Honest Growth and tariff refunds. Cost of revenue as a percentage of revenue decreased by 800 basis points compared to the three months ended June 30, 2025.

Gross profit was $40.4 million for the three months ended June 30, 2026, as compared to $37.8 million for the three months ended June 30, 2025. The increase of $2.6 million, or 6.9%, was primarily related to tariff refunds and favorable product mix, partially offset by sales volume declines and restructuring-related costs related to Powering Honest Growth.

Cost of revenue was $87.8 million for the six months ended June 30, 2026, as compared to $115.3 million for the six months ended June 30, 2025. The decrease of $27.5 million, or 23.9%, was primarily driven by lower costs associated with strategic exits under Powering Honest Growth and tariff refunds. Cost of revenue as a percentage of revenue decreased by 607 basis points compared to the six months ended June 30, 2025.

Gross profit was $73.6 million for the six months ended June 30, 2026, as compared to $75.4 million for the six months ended June 30, 2025. The decrease of $1.8 million, or 2.4%, was primarily due to sales volume declines and restructuring-related costs related to Powering Honest Growth, partially offset by a decline in associated cost of revenue and tariff refunds.

Operating Expenses

Selling, General and Administrative Expenses

	For the three months ended June 30,				For the six months ended June 30,			
	2026	2025	$ change	% change	2026	2025	$ change	% change
(In thousands, except percentages)								
Selling, general and administrative	$ 14,967	$ 20,352	$ (5,385)	(26.5) %	$ 32,436	$ 41,393	$ (8,957)	(21.6) %

Selling, general and administrative expenses were $15.0 million for the three months ended June 30, 2026, as compared to $20.4 million for the three months ended June 30, 2025. The decrease of $5.4 million, or 26.5%, was primarily due to a $2.6 million decline in third-party service fees, a $1.4 million decrease related to retailer violations adjustments and a $0.9 million decrease in executive officer transition expenses. Selling, general and administrative expenses as a percentage of revenue decreased 3.8% as compared to the three months ended June 30, 2025.

Selling, general and administrative expenses were $32.4 million for the six months ended June 30, 2026, as compared to $41.4 million for the six months ended June 30, 2025. The decrease of $9.0 million, or 21.6%, was primarily due to a $5.2 million decline in third-party service fees, a $1.4 million decrease in legal expenses, a $0.8 million decrease in donation expense and a $0.7 million decrease in executive officer transition expenses. Selling, general and administrative expenses as a percentage of revenue decreased 1.6% as compared to the six months ended June 30, 2025.

Marketing Expenses

	For the three months ended June 30,				For the six months ended June 30,			
	2026	2025	$ change	% change	2026	2025	$ change	% change
(In thousands, except percentages)								
Marketing	$ 14,476	$ 12,552	$ 1,924	15.3 %	$ 28,469	$ 24,822	$ 3,647	14.7 %

Marketing expenses were $14.5 million for the three months ended June 30, 2026, as compared to $12.6 million for the three months ended June 30, 2025. The increase of $1.9 million, or 15.3%, was primarily due to increased marketing investment to support our higher growth, higher margin wipes and personal care platforms. Marketing expenses as a percentage of revenue increased 3.9% as compared to the three months ended June 30, 2025.

Marketing expenses were $28.5 million for the six months ended June 30, 2026, as compared to $24.8 million for the six months ended June 30, 2025. The increase of $3.6 million, or 14.7%, was primarily due to increased marketing investment to support our higher growth, higher margin wipes and personal care platforms. Marketing expenses as a percentage of revenue increased 4.6% as compared to the six months ended June 30, 2025.

Restructuring Expenses

	For the three months ended June 30,				For the six months ended June 30,			
	2026	**2025**	**$ change**	**% change**	**2026**	**2025**	**$ change**	**% change**
(In thousands, except percentages)								
Restructuring	$ (383)	$ —	$ (383)	100.0 %	$ 223	$ — increase	$ 223	100.0

Restructuring expenses included asset and other restructuring-related costs of $0.2 million, employee and personnel-related costs of $0.1 million, and an adjustment to contract and external obligation costs of $0.7 million for the three months ended June 30, 2026.

Restructuring expenses included asset and other restructuring-related costs of $0.5 million, employee and personnel-related costs of $0.4 million, and an adjustment to contract and external obligation costs of $0.7 million for the six months ended June 30, 2026.

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. For the three and six months ended June 30, 2025, we did not incur any restructuring expenses.

Research and Development Expenses

	For the three months ended June 30,				For the six months ended June 30,			
	2026	**2025**	**$ change**	**% change**	**2026**	**2025**	**$ change**	**% change**
(In thousands, except percentages)								
Research and development	$ 1,722	$ 1,960	$ (238)	(12.1) %	$ 3,584	$ 3,812	$ (228)	(6.0) %

Research and development expenses were $1.7 million for the three months ended June 30, 2026, as compared to $2.0 million for three months ended June 30, 2025.

Research and development expenses were $3.6 million for the six months ended June 30, 2026, as compared to $3.8 million for the six months ended June 30, 2025.

Interest and Other Income (Expense), Net

	For the three months ended June 30,			For the six months ended June 30,		
	2026	**2025**	**$ change**	**2026**	**2025**	**$ change**
(In thousands, except percentages)						
Interest income (expense), net	$ 1,178	$ 593	$ 585	$ 1,834	$ 1,208	$ 626
Other income (expense), net	(4)	433	(437)	4	604	(600)
Interest and other income (expense), net	$ 1,174	$ 1,026	$ 148	$ 1,838	$ 1,812	$ 26

Interest and other income (expense), net was net income of $1.2 million for the three months ended June 30, 2026, as compared to net income of $1.0 million for the three months ended June 30, 2025.

Interest and other income (expense), net was net income of $1.8 million for the six months ended June 30, 2026, as compared to net income of $1.8 million for the six months ended June 30, 2025.

Liquidity and Capital Resources

As of June 30, 2026, we had $105.9 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 June 30, 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. For the three and six months ended June 30, 2026, the commitment fee incurred was immaterial. As of June 30, 2026, there were $2.7 million of outstanding letters of credit. As of June 30, 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 June 30, 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.

Material Cash Requirements

As of June 30, 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, except for the corporate office lease entered into in June 2026. Refer to Note 11, "Leases" included in the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for more information on the corporate office lease.

Cash Flows

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

	For the six months ended June 30,	
(In thousands)	**2026**	**2025**
Net cash provided by (used in) operating activities	$ 37,769	$ (3,683)
Net cash used in investing activities	$ (2,498)	$ (143)
Net cash (used in) provided by financing activities	$ (18,953)	$ 468

Operating Activities

Our largest source of operating cash is from the sales of our products to our 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 $37.8 million for the six months ended June 30, 2026 was primarily due to a net increase in cash related to changes in operating assets and liabilities of $15.2 million, non-cash adjustments of $11.9 million and net income of $10.6 million. The change in operating assets and liabilities primarily consisted of a $23.0 million decrease in inventory as part of our Operating Discipline pillar, partially offset by a $4.4 million increase in accounts receivable, a $2.3 million use of cash due to operating lease obligations and a $0.8 million increase in prepaid expenses and other assets. Non-cash adjustments primarily consisted of stock-based compensation of $5.5 million, amortization of operating Right-of-Use (“ROU”) assets of $3.3 million and depreciation and amortization of $1.3 million. Non-cash adjustments for accounts receivable reserves, inventory reserves, donation expense and utilization and write-off of marketing and transportation credits are included in "other" in the accompanying condensed consolidated statements of cash flows.

Net cash used in operating activities of $3.7 million for the six months ended June 30, 2025 was primarily due to a net decrease in cash related to changes in operating assets and liabilities of $22.9 million, partially offset by non-cash adjustments of $12.1 million and net income of $7.1 million. Cash used in operating activities primarily consisted of a $11.4 million increase in inventory, a $6.5 million decrease in accounts payable and accrued expenses due to timing of payments, a $4.2 million use of cash due to operating lease obligations, and a $1.6 million increase in accounts receivable, partially offset by a $1.0 million decrease in prepaid expenses and other assets. Non-cash adjustments primarily consisted of stock-based compensation of $5.1 million, amortization of operating ROU assets of $3.3 million, and depreciation and amortization of $1.5 million.

Investing Activities

Our primary use of investing cash is property and equipment.

Net cash used in investing activities of $2.5 million and $0.1 million for the six months ended June 30, 2026, and June 30, 2025, respectively, was due to the purchase of property and equipment.

Financing Activities

Our financing activities primarily consisted of share repurchases, 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 $19.0 million for the six months ended June 30, 2026 primarily consisted of repurchases of common stock.

Net cash provided by financing activities of $0.5 million for the six months ended June 30, 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 approximately 5.6 million shares of common stock at a weighted average share price of $3.35 per share, for an aggregate amount of approximately $18.7 million, during the six months ended June 30, 2026. As of June 30, 2026, approximately $6.3 million remained available under the share repurchase program. As of August 5, 2026, we repurchased approximately the full $25.0 million of our outstanding common stock 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.

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 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.

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. We anticipate disclosing this measure until the exited revenue streams are removed from the comparable prior period.

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 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:

(In thousands)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Reconciliation of Revenue to Organic Revenue				
Revenue	$ 83,303	$ 93,459	$ 161,402	$ 190,709
Less revenue from:				
Apparel	3,114	7,780	3,114	18,285
Honest.com	—	9,822	—	20,134
Canada	—	734	—	2,012
Organic Revenue	$ 80,189	$ 75,123	$ 158,288	$ 150,279

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

(In thousands)	For the three months ended June 30, 2026	For the three months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Reconciliation of Net Income to Adjusted EBITDA				
Net income	$ 10,687	$ 3,870	$ 10,646	$ 7,123
Interest and other (income) expense, net	(1,174)	(1,026)	(1,838)	(1,812)
Income tax provision	65	44	111	84
Depreciation and amortization	698	741	1,344	1,458
Stock-based compensation	3,015	2,716	5,480	5,128
Securities litigation expense	44	122	120	1,157
Executive officer transition expense(1)	63	1,066	63	1,066
Restructuring-related costs(2)	1,007	—	2,299	—
Payroll tax expense related to stock-based compensation	48	84	178	341
Adjusted EBITDA	$ 14,453	$ 7,617	$ 18,403	$ 14,545

~~(1) For the three and six months ended~~ June 30, 2026 and 2025, this includes bonus costs related to our Chief Financial Officer transition, as well as separation and recruiting costs related to our Chief Financial Officer transition for the three and six months ended June 30, 2025.
(2) 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.

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 and six months ended June 30, 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 $105.9 million as of June 30, 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 and six months ended June 30, 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 June 30, 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 June 30, 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 June 30, 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	Weighted 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)
April 1, 2026 - April 30, 2026	2,056,843	$ 3.44	2,056,843	$ 14,932,726
May 1, 2026 - May 31, 2026	911,392	$ 3.49	911,392	$ 11,751,754
June 1, 2026 - June 30, 2026	1,554,676	$ 3.51	1,554,676	$ 6,299,865
Total	4,522,911	$ 3.35		

(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.

Insider Trading Arrangements

The table below shows the contracts, instructions or written plans adopted or terminated during the quarter ended June 30, 2026 providing for the purchase and/or sale of the Company's securities by the Company’s directors and officers (as defined in Rule 16a-1(f) under the Exchange Act):

				Type of Trading Arrangement			
Name	**Title**	**Action**	**Date**	**Rule 10b5-1(1)**	**Non-Rule 10b5-1(2)**	**Total Shares of Common Stock to be Sold(3)**	**Expiration Date(3)**
Thomas Sternweis	Senior Vice President Enterprise Strategy	Adopted	6/15/2026	x		Up to 119,158	6/15/2027

(1) Contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule10b5-1(c) under the Exchange Act.
(2) Non-Rule Rule 10b5-1 trading arrangement as defined in Item 408(c) of Regulation S-K under the Exchange Act.
(3) Each 10b5-1 trading plan terminates on the earlier of: (i) the expiration date listed in the table above; (ii) the first date on which all trades set forth in such 10b5-1 trading plan have been executed; or (iii) such date when the 10b5-1 trading plan is otherwise terminated according to its terms.

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	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).
10.2+	Lease, dated June 14, 2026, between The Honest Company, Inc. and Dellwood Farm LLC (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 June 18, 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 101.SCH	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. 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.

+ Certain schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K under the Securities Act of 1933, as amended. The Company agrees to furnish supplementally any omitted schedules to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	The Honest Company, Inc.
Date: August 5, 2026	By: /s/ Carla Vernón
	Carla Vernón **Chief Executive Officer and Director** *(Principal Executive Officer)*
Date: August 5, 2026	By: /s/ Curtiss Bruce
	Curtiss Bruce **Executive Vice President, Chief Financial and Operating Officer** *(Principal Financial Officer, Operating Officer and Accounting Officer)*

Exhibit 31.1

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: August 5, 2026

By: /s/ Carla Vernón

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

Exhibit 31.2

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: August 5, 2026

By: /s/ Curtiss Bruce

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

Exhibit 32.1

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 June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Carla Vernón, Chief Executive 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: August 5, 2026

By: /s/ Carla Vernón

Carla Vernón
Chief Executive Officer and Director
(Principal Executive 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.

Exhibit 32.2

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 June 30, 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: August 5, 2026	By: /s/ Curtiss Bruce
	Curtiss Bruce
	Executive Vice President, Chief Financial and Operating Officer
	(Principal Financial, Operating 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.