



HONEST[®]

Investor Strategic Update 2024

Updated Post Q3 2024 Earnings

Forward Looking Statements

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A modern CPG company poised for growth



Strengthened financial foundation



Modern brand



Dynamic leadership and culture



Scalable growth



Our story

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



Our story

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



Our story

Since 2012 we have channeled this mission into action:

We call this **The Honest Standard**



Ingredients

Raising the bar on ingredient formulation



Ideals

Breaking the mold on the status quo and revitalizing ideals



Industries

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

A higher standard of clean

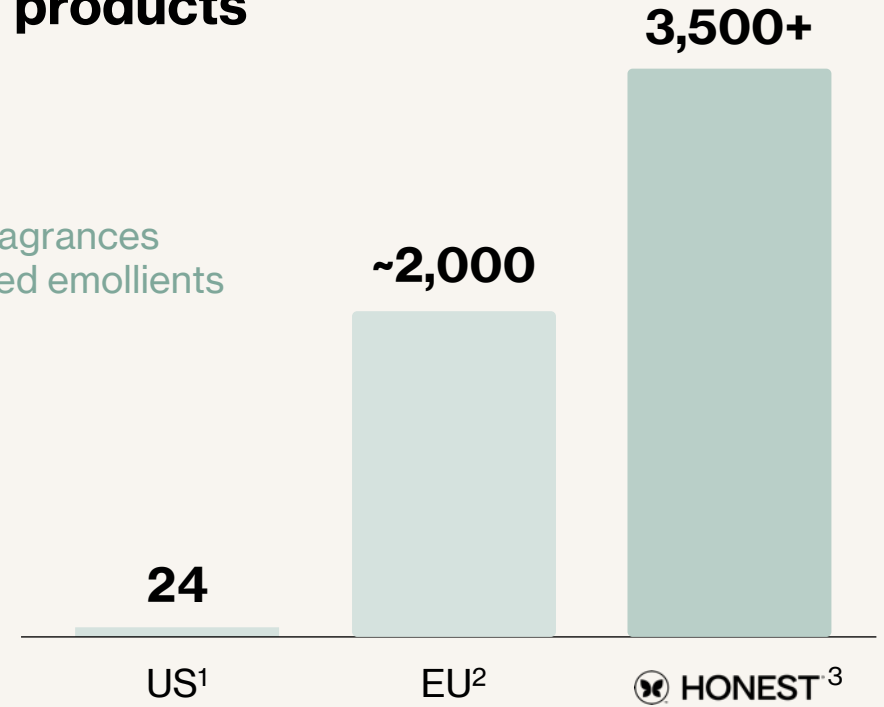
1 Clean ingredients
We ban 3,500+ ingredients

2 In-house labs
We use innovative, proprietary formulas

3 Toxicologist audited
We conduct rigorous research and testing

Number of ingredients not permitted in products

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



Our story

One powerful brand capable of spanning aisles



Honest is a **Branded House**

Conventional CPG: **House of Brands**

Category 1 Category 2 Category 3 Category 4

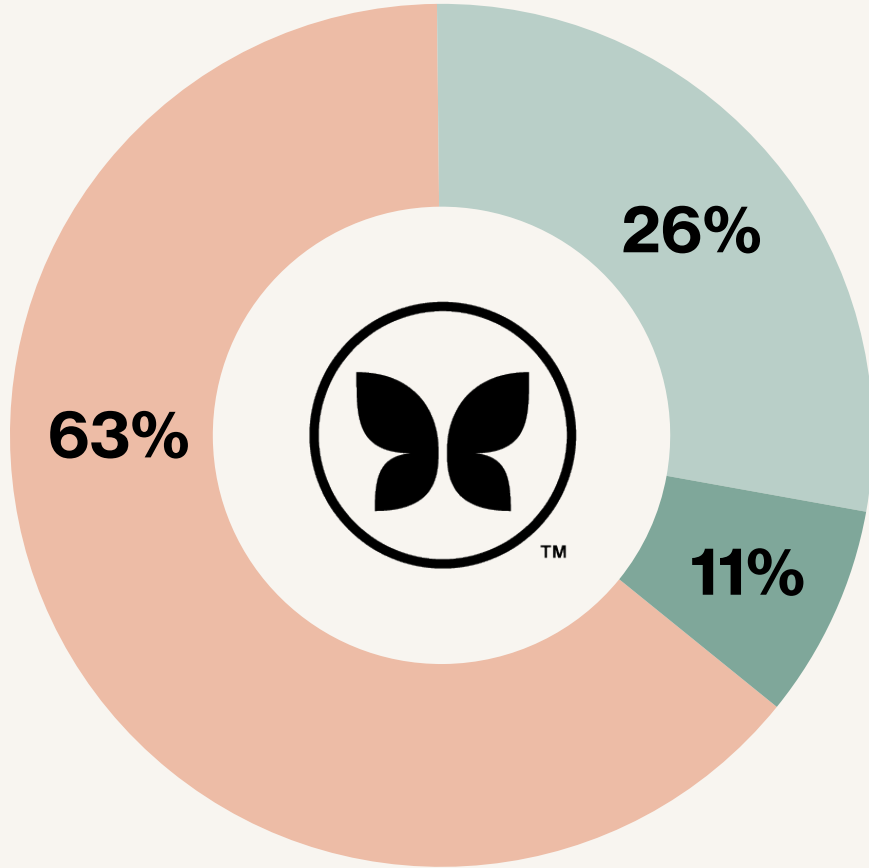
Category 1 Category 2 Category 3 Category 4



Our portfolio

2023 Revenue (%)

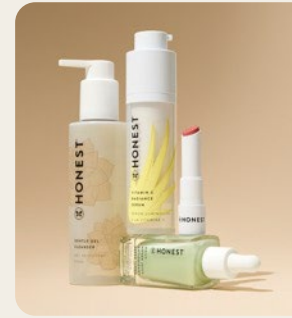
Total: \$344 M



Diapers & Wipes

Skin & Personal Care

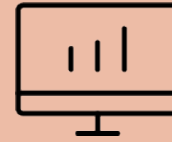
Household & Wellness



Our portfolio

#1

natural¹ brand in baby care



All product segments growing share¹



Top ranked purpose-driven personal care brand²

Household penetration growing at

13%

4 Year CAGR³

Fastest growing wipes brand⁴



#1

climate-pledge friendly mascara on Amazon⁵



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



The next Honest chapter

● 2021

The Honest Company IPO

● 2023

New management team in place

● 2023–2024

Transformation Initiative is underway; bearing early fruit

● Today

Sharing our vision for continued scaling across categories and channels

Strengthened financial foundation



Honest is on a transformation journey

● 2023

Transform

● 2024

Transform & Strengthen

● 2025+

Accelerate

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

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

Operating Discipline – *build a culture of executional excellence*

Strengthened financial foundation

Transformation Initiative delivered stronger 2023

Brand Maximization

+10%

Revenue growth via units & pricing¹

+6%

Year end retail distribution²

Margin Enhancement

+600 bps

YoY Q4 gross margin³

+\$11M

YoY FY Adj. EBITDA¹

Operating Discipline

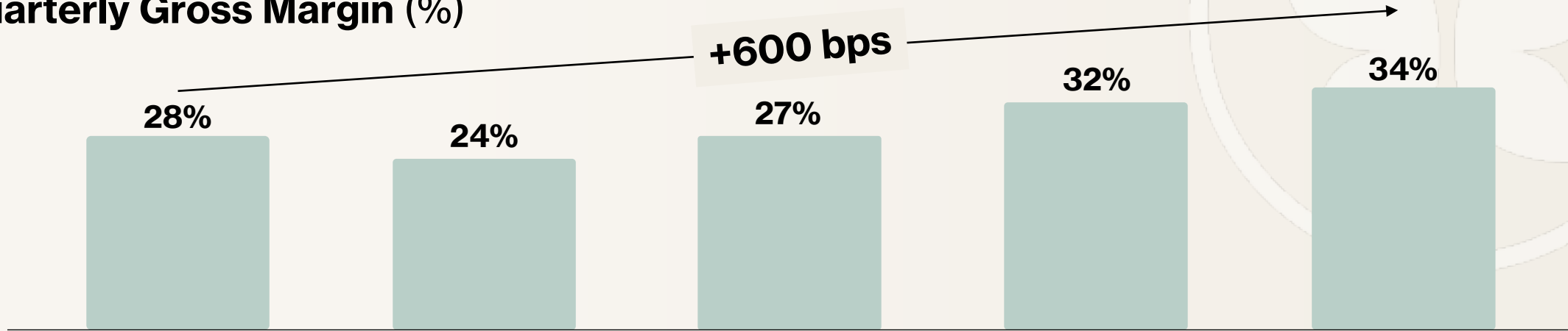
\$42M

Inventory reduction¹

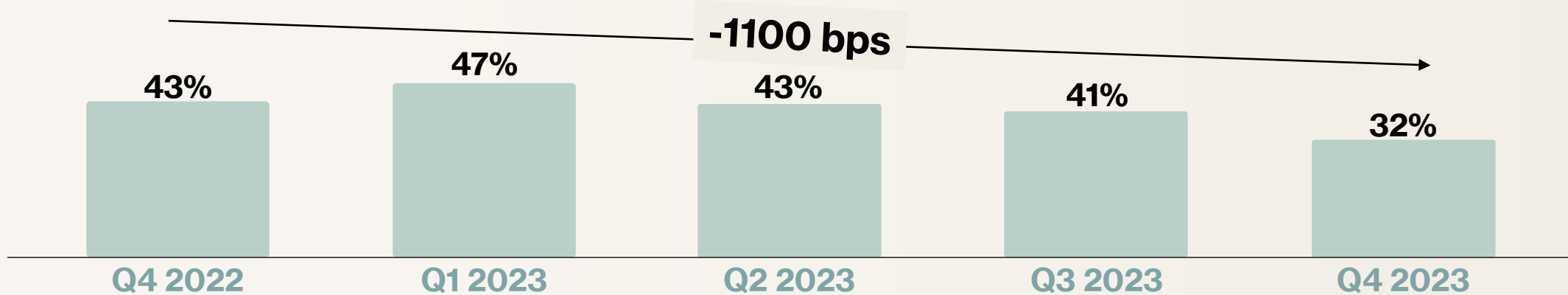
High-performing practices from leading CPG, Tech and Retail

Gross margin & OpEx Improvement

Quarterly Gross Margin (%)



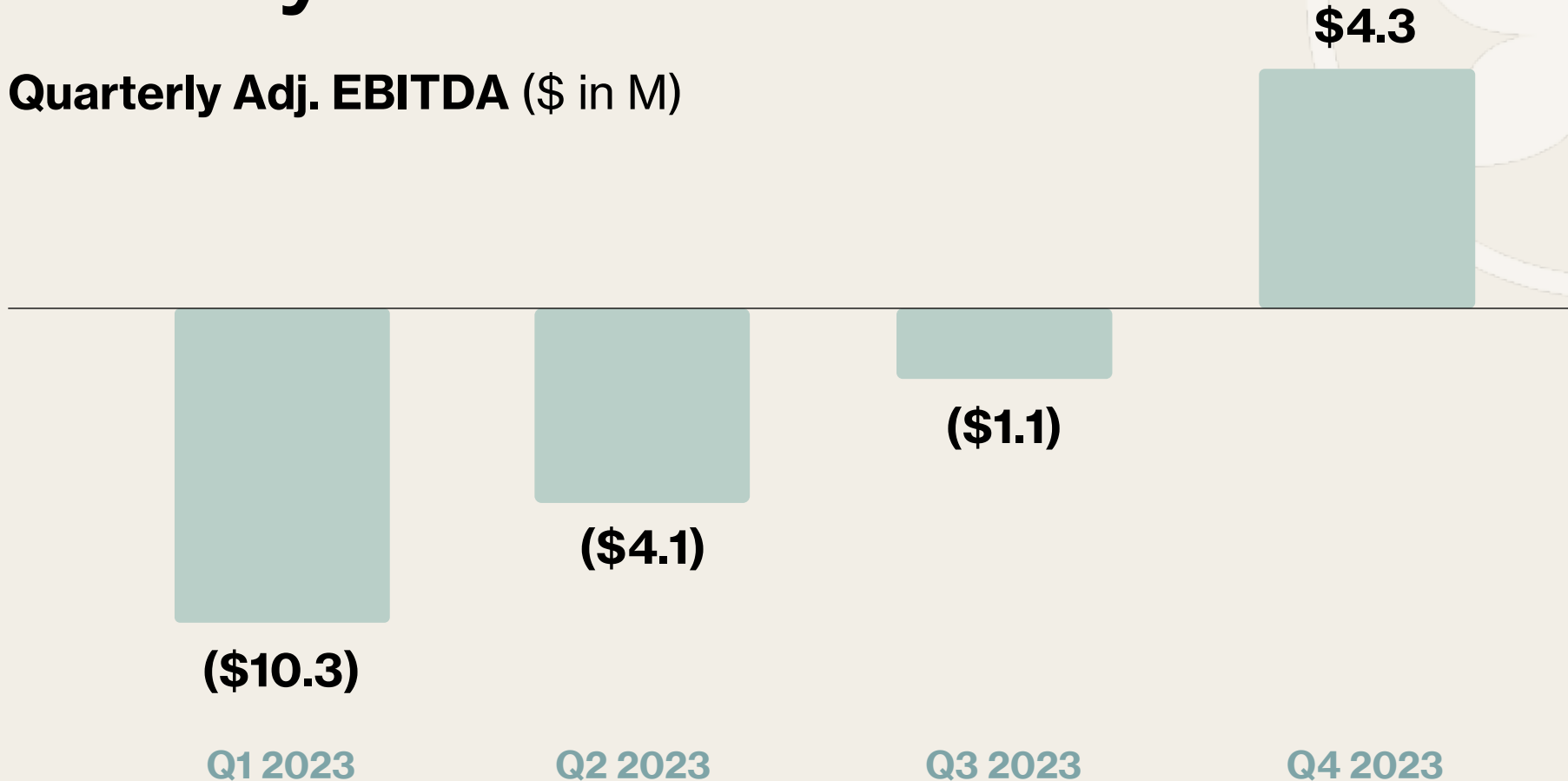
Operating Expense % of Sales (%)



Strengthened financial foundation

Achieved Adj. EBITDA profitability

Quarterly Adj. EBITDA (\$ in M)



Strengthened financial foundation

2023 financial summary

	2023 Results
Revenue Growth	+10% vs. 2022
Gross Margin %	+ 600 bps YoY Q4 2023
Adj. EBITDA	+\$11M vs. 2022
Positive Cash Flow	+\$18M in 2023
Debt	\$0M year-end 2023

YTD Q3 2024 Earnings Highlights



Q1 2024

	Q1 2024 Results
Revenue Growth	+3% vs. Q1 2023
Gross Margin %	+1,275 bps vs. Q1 2023
Adj. EBITDA	+\$3M vs. Q1 2023
Debt	\$0M as of Q1 2024

Reaffirmed 2024 Revenue and Adjusted EBITDA Outlook

Q2 2024

Revenue Growth

+10% vs. Q2 2023

Gross Margin %

+ 1120 bps vs. Q2 2023

Adj. EBITDA

+\$12M vs. Q2 2023

Raised FY 2024 Revenue and Adjusted EBITDA Outlook

Q3 2024

Revenue Growth

+15% vs. Q3 2023

Gross Margin %

+ 710 bps vs. Q3 2023

Adj. EBITDA

+\$8M vs. Q3 2023

Raised FY 2024 Revenue and Adjusted EBITDA Outlook

2024 and long-term outlook



2024 guidance

	FY24 Prior Outlook	<u>Updated</u> FY24 Current Outlook
Revenue	+Mid-to-High Single Digit percentage growth	+High Single Digit percentage growth
Adjusted EBITDA	Positive Adj. EBITDA (\$15 million to \$18 million range)	Positive Adj. EBITDA (\$20 million to \$22 million range)

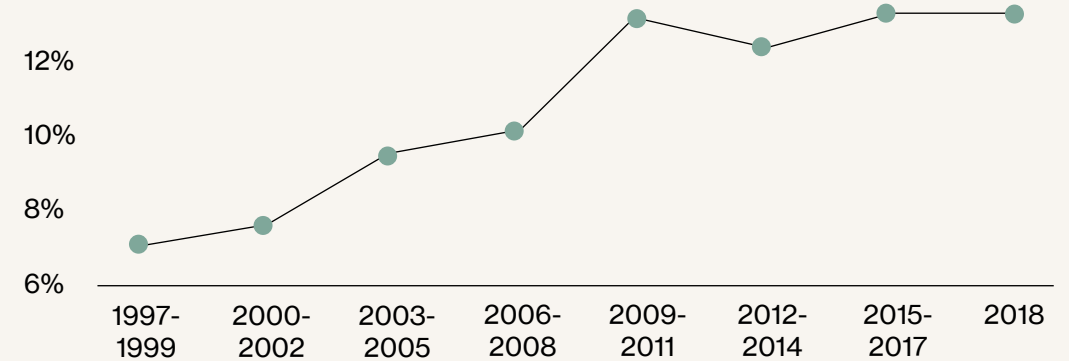
Modern brand



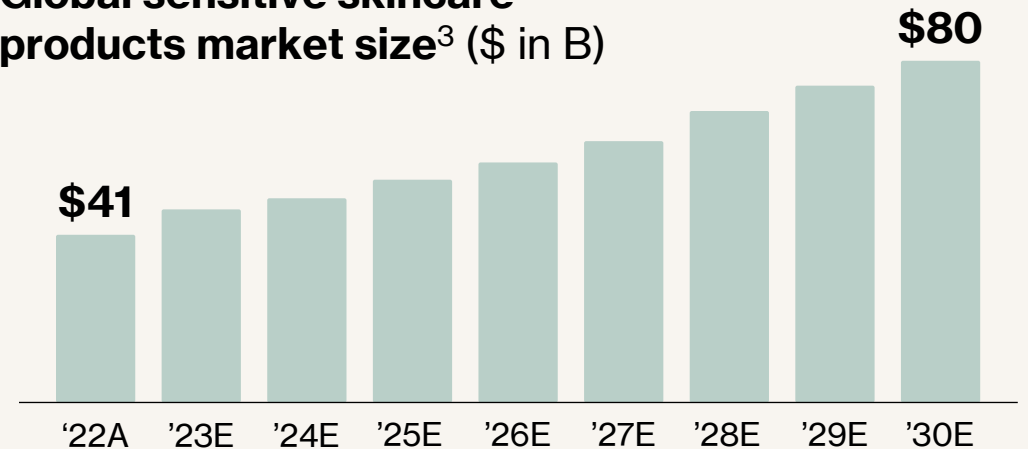
Consumers have new needs

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

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



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



Modern brand

Revolutionized baby care



Brought modern designs to diaper category



Launched organic apparel to match diapers



Created baby spa moments



Baby gifting



Online community

Scalable growth



TM



Distribution expansion a focal point of growth

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



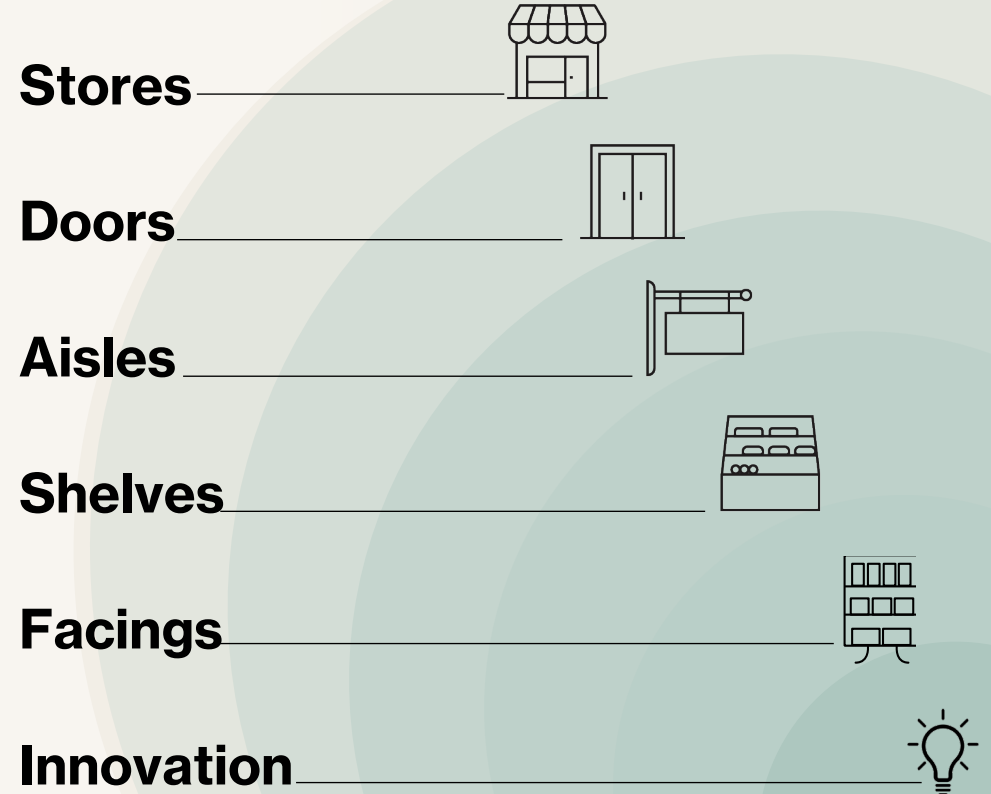
Scalable growth

Widely available with room to grow

Our retail partners today



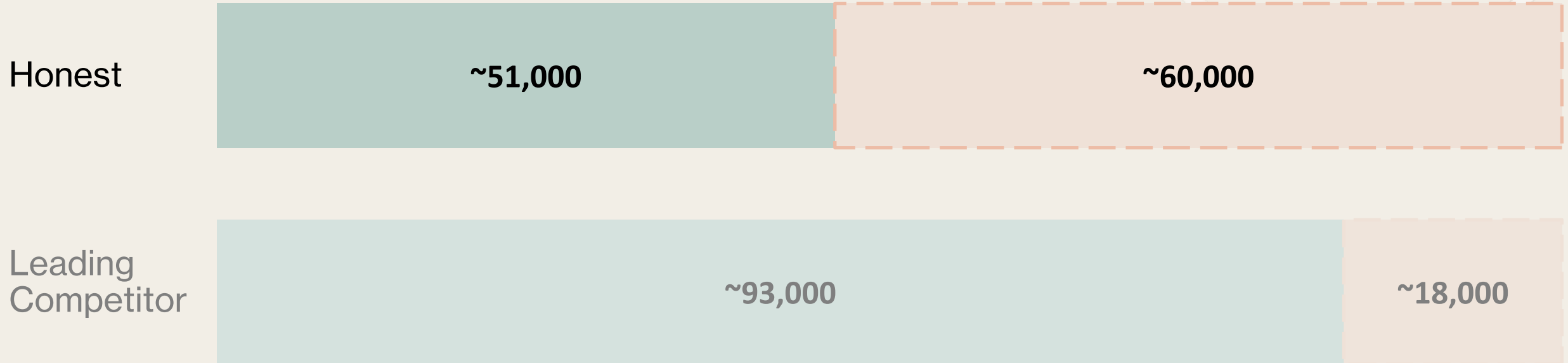
Multiple levels of opportunity



Large runway for growth into more doors



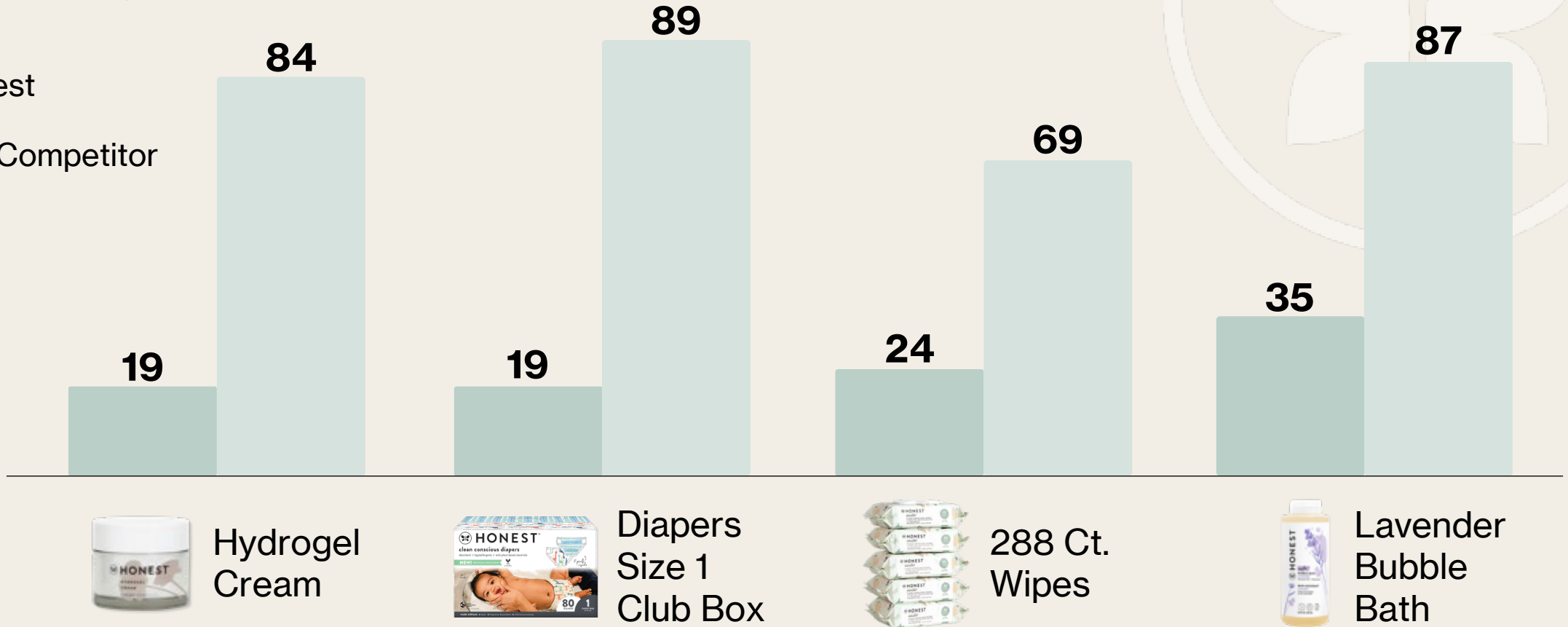
2023 year-end total doors selling



Hero products under-distributed

Max ACV % by SKU

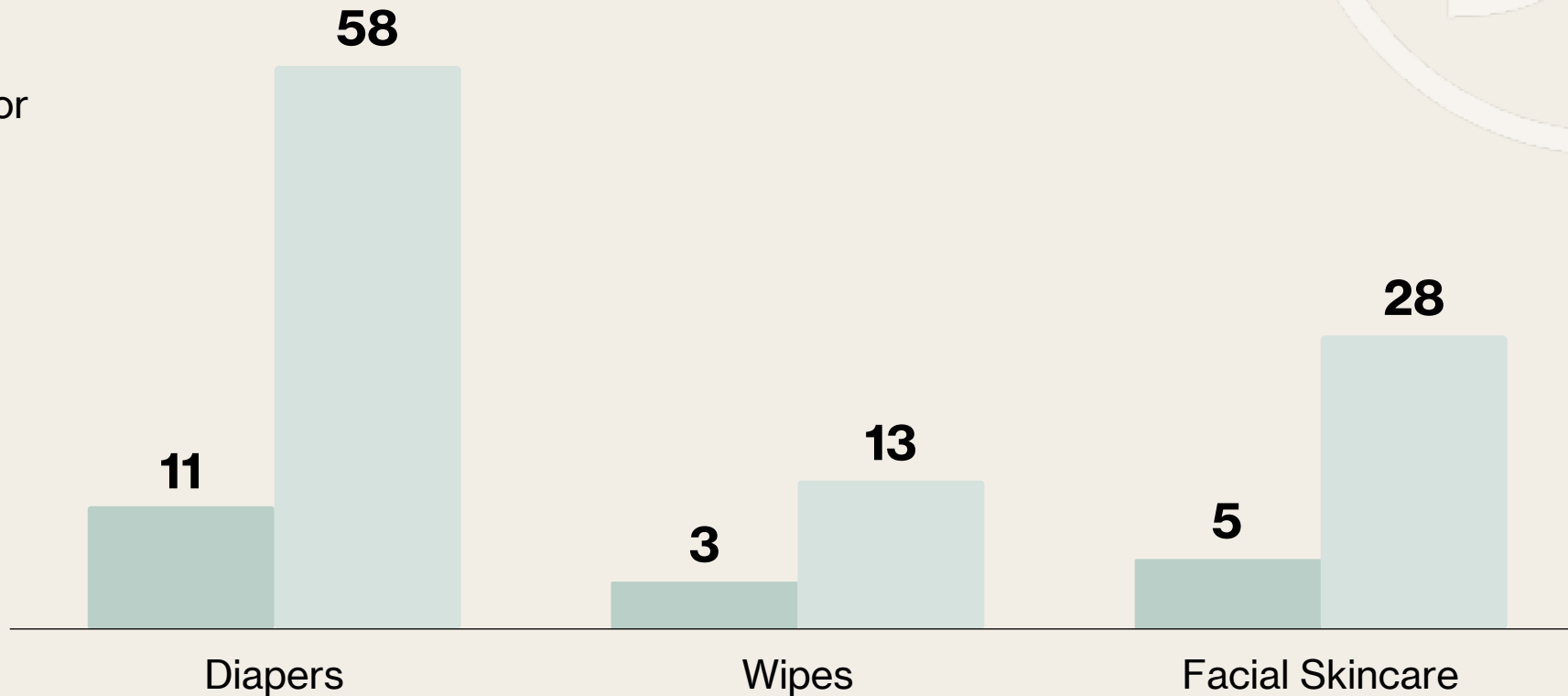
- Honest
- Key Competitor



Opportunity for larger presence on shelf

Average products on shelf per store selling

- Honest
- Key Competitor



Dynamic leadership & culture

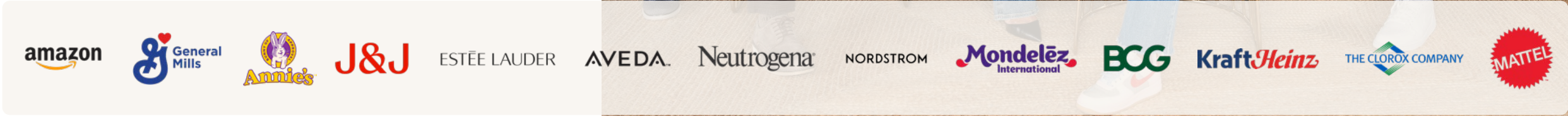
The right leaders for the mission



Dave Loretta
Chief Financial Officer

Carla Vernón
Chief Executive Officer

Broadly experienced leadership team:



Reasons to invest

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



Appendix



TM



Reconciliation of GAAP and Non-GAAP Financial Measures

Adjusted EBITDA (\$ millions)

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Net income (loss)	(\$18.9)	(\$13.4)	(\$8.1)	\$1.1	(\$39.2)	(\$1.4)	(\$4.1)	\$0.2
Interest and other (income) expense, net	0.2	0.0	0.1	(0.0)	0.3	0.0	0.0	(0.1)
Income tax provision	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Depreciation and amortization	0.7	0.7	0.7	0.7	2.7	0.7	0.7	0.7
Stock-based compensation	3.8	6.4	3.7	1.9	15.8	2.5	8.9	2.2
Securities Litigation expense	1.2	1.8	1.4	0.4	4.7	0.4	1.3	4.1
CEO and CFO transition expense	1.3	0.0	0.8	0.0	2.1	0.2	0.7	0.0
Restructuring costs	1.4	0.4	0.4	0.1	2.2	0.0	0.0	0.0
Payroll tax expense related to stock-based compensation	0.1	0.0	0.0	0.0	0.1	0.2	0.1	0.1
Adj. EBITDA	(\$10.3)	(\$4.1)	(\$1.1)	\$4.3	(\$11.2)	\$2.6	\$7.6	\$7.1