

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

IN RE THE HONEST COMPANY, INC  
SECURITIES LITIGATION

Case No. 21-cv-07405-MCS-PLA

CLASS ACTION

**NOTICE OF PENDENCY OF CLASS ACTION**

**To:** All persons and entities that purchased or otherwise acquired The Honest Company, Inc. (“Honest” or the “Company”) publicly traded common stock pursuant and traceable to the Offering Documents<sup>1</sup> for Honest’s Initial Public Offering (“IPO”) prior to August 19, 2021, as well as all persons and entities that acquired ownership of a trading account, retirement account, or any other similar investment account or portfolio containing Honest’s publicly traded common stock that was purchased or otherwise acquired pursuant and traceable to the Offering Documents for Honest’s IPO prior to August 19, 2021, and were damaged thereby (collectively, the “Class” and individually, “Class Members”).

*A federal court has authorized this Notice. It is not junk mail, an advertisement, or a solicitation from a lawyer.*

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. IF YOU ARE A CLASS MEMBER, YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT. THIS NOTICE ADVISES YOU OF YOUR OPTIONS REGARDING THE CLASS ACTION.**

**PLEASE DO NOT CALL OR WRITE THE COURT. IF YOU HAVE ANY QUESTIONS AFTER READING THIS NOTICE, YOU SHOULD CONTACT THE ADMINISTRATOR OR CLASS COUNSEL, AS DISCUSSED FURTHER BELOW.**

This Notice is being sent pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Central District of California (the “Court”) to inform you of a class action lawsuit that is now pending in the Court under the above-caption (the “Action”) against Honest, the Individual Defendants,<sup>2</sup> and the Underwriter Defendants<sup>3</sup> (collectively, the “Defendants”). The Action has been certified by the Court to proceed as a class action on behalf of the Class defined below.

1. The “Class” certified by the Court consists of:

All persons and entities that purchased or otherwise acquired Honest’s publicly traded common stock pursuant and traceable to the Offering Documents for Honest’s IPO prior to August 19, 2021, as well as all persons and entities that acquired ownership of a trading account, retirement account, or any other similar investment account or portfolio containing Honest’s publicly traded common stock that was purchased or otherwise acquired pursuant and traceable to the Offering Documents for Honest’s IPO prior to August 19, 2021, and were damaged thereby.

Excluded from the Class by definition are:

(i) Defendants and the Individual Defendants’ immediate family members; (ii) the officers, directors, affiliates, and subsidiaries of Honest and the Underwriter Defendants, at all relevant times; (iii) Honest’s affiliates and employee retirement and/or benefit plan(s) and their participants and/or beneficiaries to the extent they purchased or acquired Honest’s common stock pursuant or traceable to the Offering Documents through any

<sup>1</sup> The “Offering Documents” are Honest’s April 9, 2021 registration statement on Form S-1, which following amendment, was declared effective by the U.S. Securities and Exchange Commission on May 4, 2021 (the “Registration Statement”), and a May 6, 2021 final prospectus on Form 424(b)(4), which forms part of the Registration Statement.

<sup>2</sup> The “Individual Defendants” are Katie Bayne, Scott Dahnke, Kelly Kennedy, Eric Liaw, Jeremy Liew, Avik Pramanik, Nikolaos Vlahos, and Jessica Warren.

<sup>3</sup> The “Underwriter Defendants” are Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC, Jefferies LLC, BofA Securities, Inc., Citigroup Global Markets, Inc., William Blair & Company, L.L.C., Guggenheim Securities, LLC, Telsey Advisory Group LLC, C.L. King & Associates, Inc., Loop Capital Markets LLC, Penserra Securities LLC, and Samuel A. Ramirez & Company, Inc.

such plan(s); (iv) any person who had or has a controlling interest in Honest, at all relevant times; (v) any entity in which any of the Defendants have or had a controlling interest, provided, however, that any “Investment Vehicle” shall not be excluded from the Class;<sup>4</sup> and (vi) the legal representatives, heirs, successors, or assigns of any such excluded person or entity, in their capacity as such.

2. This Notice is directed to you because you may be a member of the Class. If you are a Class Member, your rights will be affected by the Action. **However, receipt of this Notice does not mean you are a Class Member, because the parties do not have a list of all Class Members.** If you are uncertain about whether you are a Class Member, contact Class Counsel listed in paragraph 18 below, or your own attorney.
3. This Notice is not an admission by Defendants or an expression of any opinion of the Court concerning the merits of the Action, or a finding by the Court that the claims asserted by the Class Representative (as described in paragraph 5 below) are valid. This Notice is intended solely to advise you of the pendency of the Action and of your rights in connection with it. There is no judgment, settlement, or monetary recovery at this time. Defendants have denied the Class Representative’s claims and contend that they are not liable for the alleged harm.
4. The Class definition is subject to change by Court order, pursuant to Rule 23 of the Federal Rules of Civil Procedure.

### **OVERVIEW AND STATUS OF THE ACTION**

5. The Class Representative alleges that the Defendants violated Section 11 of the Securities Act of 1933 (the “Securities Act”) by issuing, or participating in issuing, materially false and misleading statements in the Offering Documents regarding (i) Honest’s business model and growth strategy, and (ii) the impact of the COVID-19 pandemic on the demand for Honest’s products. The Class Representative also alleges that the Individual Defendants violated Section 15 of the Securities Act, because they were able to, and did, control the Offering Documents that contained the materially false and misleading statements.

The Class Representative alleges that, as a result of the materially false and misleading Offering Documents, Class Members suffered damages when the price of Honest common stock declined after the Company’s IPO.

Defendants deny all of the Class Representative’s allegations and further deny that they did anything wrong. Defendants also deny that the Class Representative or the Class suffered damages.

6. The Action commenced on September 15, 2021. On January 26, 2022, the Court issued an Order appointing Kathie Ng as “Lead Plaintiff” pursuant to the Private Securities Litigation Reform Act of 1995. In the same Order, the Court approved Lead Plaintiff’s selection of Labaton Sucharow LLP as lead counsel for the Class.
7. The operative complaint in the Action, the Consolidated Class Action Complaint (the “Complaint”), was filed on February 21, 2022.
8. On March 14, 2022, Defendants moved to dismiss the Complaint. On July 18, 2022, the Court denied Defendants’ motion to dismiss the Complaint in part and granted Defendants’ motion to dismiss the Complaint in part.
9. On February 13, 2023, Lead Plaintiff filed a motion for class certification. Following briefing on the motion and oral argument, on May 1, 2023, the Court issued an Order granting the class certification motion, certifying the Class as defined above, appointing Lead Plaintiff as “Class Representative,” and appointing Labaton Sucharow LLP as “Class Counsel.”
10. Fact discovery and expert discovery is ongoing in the Action and a trial date has not been set.

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<sup>4</sup> “Investment Vehicle” means any investment company or pooled investment fund, including but not limited to, mutual fund families, exchange traded funds, fund of funds and hedge funds, in which the Underwriter Defendants, or any of them, have, has or may have a direct or indirect interest, or as to which their respective affiliates may act as an investment advisor, but in which any Underwriter Defendant alone or together with its, his or her respective affiliates is not a majority owner or does not hold a majority beneficial interest.

## YOUR RIGHTS AS A CLASS MEMBER

11. A class action is a type of lawsuit in which one or several individuals or entities prosecute claims on behalf of all members of a group of similarly situated persons and entities (called a “class”) to obtain monetary or other relief for the benefit of the entire group. Class actions avoid the necessity of each member of a class having to file his, her, or its own separate lawsuit to obtain relief. Class actions are used to decide legal and factual issues that are common to all members of a class.
12. If you (1) purchased or otherwise acquired Honest’s publicly traded common stock from May 5, 2021 through August 18, 2021, inclusive, or acquired ownership of an account or portfolio containing Honest’s publicly traded common stock purchased or otherwise acquired during that time, (2) were damaged thereby, and (3) are not excluded from the Class by definition (*see* paragraph 1, above), you are a member of the Class. If you are a member of the Class, you have the right to decide whether to remain a member of the Class.
13. If you do not want to be in the Class and instead wish to be excluded from the Class, you must request exclusion in accordance with the procedure set forth in paragraph 15 below. ***If you want to remain a member of the Class, you do not need to do anything at this time other than to retain your documentation reflecting your transactions and holdings in Honest common stock, as discussed in paragraph 14 below. If you do nothing, and you are a member of the Class, you will stay in the Class.*** Your decision is important for the following reasons:

- a. **If you remain a member of the Class**, you will be bound by all past, present and future orders and judgments in the Action, whether favorable or unfavorable. If any money is awarded to the Class, either through a settlement with Defendants or a judgment of the Court after a trial, you may be eligible to receive a share of that money. However, if you remain a member of the Class, you may not pursue a lawsuit on your own behalf with regard to any of the issues in the Action. ***If you are a plaintiff in a lawsuit about your investments in Honest, please speak with your lawyer about this Notice.***

Pursuant to Rule 23(e)(4) of the Federal Rules of Civil Procedure, it is within the Court’s discretion whether to allow a second opportunity to request exclusion from the Class if there is a settlement or judgment in the Action after a trial.

As a member of the Class, you will be represented by Class Counsel. You will not be personally responsible for Class Counsel’s attorneys’ fees or expenses. Class Counsel have agreed to represent the Class on a contingent fee basis, which means that they will be awarded fees and costs by the Court only if they succeed in obtaining a recovery from one or more Defendants. Attorneys’ fees and costs for Class Counsel, if approved by the Court, would be paid from the settlement or judgment, if any, obtained on behalf of the Class.

You may also elect to be represented by counsel of your own choosing. If you do retain separate counsel, you will be responsible for your attorney’s fees and expenses and your attorney must enter an appearance on your behalf by filing a Notice of Appearance with the Court and mailing it to Class Counsel at the addresses set forth in paragraph 19 below **on or before August 7, 2023.**

- b. **If you choose to be excluded from the Class**, you will not be bound by any past, present, or future orders and judgments in the Action, nor will you be eligible to share in any recovery that might be obtained in the Action. You will retain any right you have to individually pursue claims, if any, that you may have against Defendants with respect to the claims asserted in the Action. ***Please note, if you decide to exclude yourself from the Class, you may be time-barred from asserting the claims covered by the Action by a statute of repose and your claims could be dismissed.*** Please refer to paragraphs 15 through 16 below if you would like to be excluded from the Class.

14. Class Members will be eligible to participate in any recovery that might be obtained in the Action. While this Notice is not intended to suggest any likelihood that Class Members will recover any money, should there be a recovery, Class Members will be required to submit a claim form demonstrating their membership in the Class and documenting their sales, purchases and/or holdings of Honest common stock, and their resulting damages. The parties do not have Class Members’ trading information. ***For this reason, please be sure to keep all records of your transactions and holdings in Honest common stock. DO NOT mail them to Class Counsel or the Administrator at this time.*** No money or benefits are available now and there is no guarantee that money or benefits will be obtained. If they are, Class Members will be notified regarding how to obtain a share.

## HOW TO BE EXCLUDED FROM THE CLASS

15. If you wish to be excluded from the Class, you must specifically request exclusion by following these procedures. You must send a letter by first-class mail stating that you “request exclusion from the Class in *In re The Honest Company, Inc. Sec. Litig.* (C.D. Cal.)” Your request must: (i) state the name, address, telephone number, and email address of the person or entity requesting exclusion, and, in the case of entities, the name and telephone number of the appropriate contact person; (ii) state the number of shares of Honest common stock that the person requesting exclusion purchased or acquired from May 5, 2021 through August 18, 2021, inclusive; (iii) state how many of those shares the person or entity requesting exclusion sold; (iv) state the dates, number of shares, and prices of each such purchase/acquisition and sale; and (v) be signed by the person or entity requesting exclusion or an authorized representative, accompanied by proof of authorization.<sup>5</sup> You must mail your exclusion request, ***postmarked no later than August 7, 2023***, to:

*In re The Honest Company, Inc. Sec. Litig.*  
c/o Epiq  
P.O. Box 5619  
Portland, OR 97228-5619

You cannot exclude yourself from the Class by telephone or by e-mail, and a request for exclusion shall not be effective unless it contains all the information called for by this paragraph and is postmarked by the date stated above, or is otherwise accepted by the Court.

16. If your request for exclusion complies with these requirements, the Court will exclude you from the Class, you will not be bound by any orders or judgments in this Action, but you will not be eligible to share in any recovery that might be obtained in this Action.
17. Do not request exclusion from the Class if you wish to participate in the Action as a member of the Class.

### CLASS COUNSEL

18. As a member of the Class, you will be represented by Class Counsel, who are:

Alfred L. Fatale III, Esq.  
LABATON SUCHAROW LLP  
140 Broadway  
New York, NY 10005  
(888) 219-6877

19. If you want to be represented by your own lawyer, you may hire one at your own expense. If you do retain your own lawyer, they must enter an appearance on your behalf by filing a Notice of Appearance with the Clerk of the Court at the United States District Court for the Central District of California, First Street Courthouse, 350 W. 1st Street, Los Angeles, CA 90012, **on or before August 7, 2023**. Your Notice of Appearance must also be mailed to Class Counsel: Alfred L. Fatale III, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, **on or before August 7, 2023**.
20. As noted above, unless you retain your own personal lawyer, if you remain in the Class, you will not have any direct obligations to pay the costs of the litigation. If there is a recovery by the Class, all fees and expenses of the Action, including Class Counsel’s attorneys’ fees and expenses, will be paid from that recovery in an amount approved by the Court.

### PLEASE KEEP YOUR ADDRESS CURRENT

21. To make sure that you receive any further notices about this case, you are requested to mail notice of any changes in your address to:

*In re The Honest Company, Inc. Sec. Litig.*  
c/o Epiq  
P.O. Box 5619  
Portland, OR 97228-5619

<sup>5</sup> The same information must be provided for persons or entities requesting exclusion who acquired ownership of a trading account, retirement account, or any other similar investment account or portfolio containing Honest’s public traded common stock purchased or otherwise acquired from May 5, 2021 through August 18, 2021, inclusive.

22. If this Notice was forwarded to you by the postal service, or if it was sent to you at an address that is not current, you should immediately contact the Administrator, Epiq, at the address in paragraph 21 above or call them toll free at (888) 670-8722, and provide them with your correct address. If the Administrator does not have your correct address, you may not receive any future notices.

**WHERE YOU CAN FIND ADDITIONAL INFORMATION**

23. This Notice provides only a summary of the lawsuit and the claims asserted by the Class Representative. For more detailed information regarding the Action, including a copy of the Complaint, you may contact Class Counsel or visit [www.thehonestcompanysecuritieslitigation.com](http://www.thehonestcompanysecuritieslitigation.com).

**PLEASE DO NOT CALL OR WRITE THE COURT.**

**NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

24. If you purchased or acquired Honest publicly traded common stock from May 5, 2021 through August 18, 2021, inclusive, for the beneficial interest of persons or entities other than yourself, you must either: (i) within ten (10) calendar days of receipt of this Notice, request from the Administrator sufficient copies of the Postcard Notice to forward to all such beneficial owners and within ten (10) calendar days of receipt of those Postcard Notices forward them to all such beneficial owners; or (ii) within ten (10) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to the Administrator at *In re The Honest Company, Inc. Sec. Litig.*, c/o Epiq, P.O. Box 5619, Portland, OR 97228-5619. You must also provide email addresses for all such beneficial owners to the Administrator, to the extent they are available. If you choose the first option, you must also send a statement to the Administrator confirming that the mailing was timely made and **you must retain your mailing records for use in connection with any future notices that may be provided in the Action.** If you choose the second option, the Administrator will send a copy of the Postcard Notice to the beneficial owners. Upon full and timely compliance with these directions, nominees may seek reimbursement of their reasonable out-of-pocket expenses actually incurred by providing the Administrator with proper documentation supporting the expenses for which reimbursement is sought. Postage will be reimbursed at the current pre-sort rate used by the Administrator.

Copies of this Notice may also be obtained from the website maintained by the Administrator, [www.thehonestcompanysecuritieslitigation.com](http://www.thehonestcompanysecuritieslitigation.com), or by calling the Administrator toll free at (888) 670-8722.

Dated: June 8, 2023

BY ORDER OF THE COURT:  
United States District Court for the  
Central District of California