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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

\_\_\_\_\_, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

THE HONEST COMPANY, INC.,  
NIKOLAOS VLAHOS, KELLY  
KENNEDY, JESSICA WARREN,  
KATIE BAYNE, SCOTT DAHNKE,  
ERIC LIAW, JEREMY LIEW, AVIK  
PRAMANIK, 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.,

Defendants.

Case No.

**CLASS ACTION COMPLAINT  
FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS**

1 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all others  
2 similarly situated, by and through his attorneys, alleges the following upon  
3 information and belief, except as to those allegations concerning Plaintiff, which are  
4 alleged upon personal knowledge. Plaintiff’s information and belief is based upon,  
5 among other things, his counsel’s investigation, which includes without limitation:  
6 (a) review and analysis of regulatory filings made by The Honest Company, Inc.  
7 (“Honest” or the “Company”) with the United States (“U.S.”) Securities and  
8 Exchange Commission (“SEC”); (b) review and analysis of press releases and media  
9 reports issued by and disseminated by Honest; and (c) review of other publicly  
10 available information concerning Honest.

### 11 **NATURE OF THE ACTION AND OVERVIEW**

12 1. This is a class action on behalf of persons and entities that purchased or  
13 otherwise acquired Honest common stock pursuant and/or traceable to the registration  
14 statement and prospectus (collectively, the “Registration Statement”) issued in  
15 connection with the Company’s May 2021 initial public offering (“IPO” or the  
16 “Offering”). Plaintiff pursues claims against the Defendants under the Securities Act  
17 of 1933 (the “Securities Act”).

18 2. Honest claims it is a “digitally-native, mission-driven brand focused on  
19 leading the clean lifestyle movement, creating a community for conscious consumers  
20 and seeking to disrupt multiple consumer product categories.” Honest’s three product  
21 categories are (1) Diapers and Wipes, (2) Skin and Personal Care, and (3) Household  
22 and Wellness. According to Honest, these three categories represented 63%, 26% and  
23 11% of Honest’s 2020 revenue, respectively.

24 3. On May 6, 2021, the Company filed its prospectus on Form 424B4 with  
25 the SEC, which forms part of the Registration Statement. In the IPO, the Company  
26 sold 6,451,613 shares of common stock, plus an additional 3,871,050 shares of  
27 common stock pursuant to the underwriter’s option to purchase additional shares at a  
28 price of \$16.00 per share. Certain existing stockholders also sold an aggregate of

1 19,355,387 shares of common stock in the IPO for \$16.00 per share, including  
2 15,229,543 by the executive officers and directors of Honest as a group (excluding  
3 the underwriters' over-allotment option). The Company received proceeds of  
4 approximately \$91.1 million from the Offering, net of underwriting discounts and  
5 commissions. The proceeds from the IPO were purportedly to be used for "general  
6 corporate purposes" including "operating expenses, working capital and capital  
7 expenditures for future growth, including marketing and direct-to-consumer  
8 advertising investments, innovation and adjacent product category expansion,  
9 international growth investment and organizational capabilities investments." Honest  
10 further claimed that it "may also use a portion of the net proceeds . . . to acquire  
11 complementary businesses, products, services or technologies."

12 4. Approximately two months after the IPO, on August 13, 2021, before  
13 the market opened, Honest issued a press release titled "The Honest Company Reports  
14 Second Quarter 2021 Financial Results." Therein, Honest reported a net loss of \$20  
15 million for the second quarter of 2021, as compared to a net loss of only \$0.4 million  
16 for the second quarter of 2020. Honest disclosed that its revenue grew only 3% as  
17 compared to the second quarter of 2020, because it was negatively impacted by "an  
18 estimated \$3.7 million COVID-19 stock-up impact primarily in Diapers and Wipes in  
19 the prior year period." Honest also disclosed that its Diapers and Wipes category  
20 revenue declined 2% compared to the second quarter of 2020. Honest further  
21 disclosed that "Household and Wellness revenue declined 6% from the second quarter  
22 of 2020 as consumer and customer demand for sanitization products decreased as  
23 consumers became vaccinated and customers managed heavy levels of inventory."

24 5. On this news, the Company's stock price fell \$3.98 per share, or 28%, to  
25 close at \$10.07 per share on August 13, 2021, on unusually heavy trading volume.

26 6. On August 19, 2021, the Company's stock price closed at an all-time low  
27 of \$9.16 per share, a nearly 43% decline from the \$16.00 per share IPO price.  
28



1           14. Defendant Honest is incorporated under the laws of the Delaware with  
2 its principal executive offices located in Los Angeles, California. Honest's shares  
3 trade on the NASDAQ exchange under the symbol "HNST."

4           15. Defendant Nikolaos Vlahos ("Vlahos") was the Chief Executive Officer  
5 ("CEO") and a Director of the Company, and signed or authorized the signing of the  
6 Company's Registration Statement filed with the SEC.

7           16. Defendant Kelly Kennedy ("Kennedy") was the Executive Vice  
8 President and Chief Financial Officer ("CFO") of the Company, and signed or  
9 authorized the signing of the Company's Registration Statement filed with the SEC.

10           17. Defendant Jessica Warren ("Warren") was the Chief Creative Officer  
11 and a Director of the Company and signed or authorized the signing of the Company's  
12 Registration Statement filed with the SEC.

13           18. Defendant Katie Bayne ("Bayne") was a Director of the Company and  
14 signed or authorized the signing of the Company's Registration Statement filed with  
15 the SEC.

16           19. Defendant Scott Dahnke ("Dahnke") was a Director of the Company and  
17 signed or authorized the signing of the Company's Registration Statement filed with  
18 the SEC.

19           20. Defendant Eric Liaw ("E. Liaw") was a Director of the Company and  
20 signed or authorized the signing of the Company's Registration Statement filed with  
21 the SEC.

22           21. Defendant Jeremy Liew ("J. Liew") was a Director of the Company and  
23 signed or authorized the signing of the Company's Registration Statement filed with  
24 the SEC.

25           22. Defendant Avik Pramanik ("Pramanik") was a Director of the Company  
26 and signed or authorized the signing of the Company's Registration Statement filed  
27 with the SEC.

1           23. Defendants Vlahos, Kennedy, Warren, Bayne, Dahnke, E. Liaw, J. Liew,  
2 and Pramanik are collectively referred to hereinafter as the “Individual Defendants.”

3           24. Defendant Morgan Stanley & Co. LLC (“Morgan Stanley”) served as an  
4 underwriter for the Company’s IPO. In the IPO, Morgan Stanley agreed to purchase  
5 9,627,997 shares of the Company’s common stock, exclusive of the over-allotment  
6 option.

7           25. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) served as an  
8 underwriter for the Company’s IPO. In the IPO, J.P. Morgan agreed to purchase  
9 7,166,405 shares of the Company’s common stock, exclusive of the over-allotment  
10 option.

11           26. Defendant Jefferies LLC (“Jefferies”) served as an underwriter for the  
12 Company’s IPO. In the IPO, Jefferies agreed to purchase 3,771,792 shares of the  
13 Company’s common stock, exclusive of the over-allotment option.

14           27. Defendant BofA Securities, Inc. (“BofA”) served as an underwriter for  
15 the Company’s IPO. In the IPO, BofA agreed to purchase 1,191,092 shares of the  
16 Company’s common stock, exclusive of the over-allotment option.

17           28. Defendant Citigroup Global Markets, Inc. (“Citigroup”) served as an  
18 underwriter for the Company’s IPO. In the IPO, Citigroup agreed to purchase  
19 1,191,092 shares of the Company’s common stock, exclusive of the over-allotment  
20 option.

21           29. Defendant William Blair & Company, L.L.C. (“William Blair”) served  
22 as an underwriter for the Company’s IPO. In the IPO, William Blair agreed to  
23 purchase 952,874 shares of the Company’s common stock, exclusive of the over-  
24 allotment option.

25           30. Defendant Guggenheim Securities, LLC (“Guggenheim”) served as an  
26 underwriter for the Company’s IPO. In the IPO, Guggenheim agreed to purchase  
27 774,210 shares of the Company’s common stock, exclusive of the over-allotment  
28 option.

1 31. Defendant Telsey Advisory Group LLC (“Telsey”) served as an  
2 underwriter for the Company’s IPO. In the IPO, Telsey agreed to purchase 416,882  
3 shares of the Company’s common stock, exclusive of the over-allotment option.

4 32. Defendant C.L. King & Associates, Inc. (“C.L. King”) served as an  
5 underwriter for the Company’s IPO. In the IPO, C.L. King agreed to purchase 178,664  
6 shares of the Company’s common stock, exclusive of the over-allotment option.

7 33. Defendant Loop Capital Markets LLC (“Loop”) served as an underwriter  
8 for the Company’s IPO. In the IPO, Loop agreed to purchase 178,664 shares of the  
9 Company’s common stock, exclusive of the over-allotment option.

10 34. Defendant Penserra Securities LLC (“Penserra”) served as an  
11 underwriter for the Company’s IPO. In the IPO, Penserra agreed to purchase 178,664  
12 shares of the Company’s common stock, exclusive of the over-allotment option.

13 35. Defendant Samuel A. Ramirez & Company, Inc. (“Samuel A. Ramirez”)  
14 served as an underwriter for the Company’s IPO. In the IPO, Samuel A. Ramirez  
15 agreed to purchase 178,664 shares of the Company’s common stock, exclusive of the  
16 over-allotment option.

17 36. Defendants Morgan Stanley, J.P. Morgan, Jefferies, BofA, Citigroup,  
18 William Blair, Guggenheim, Telsey, C.L. King, Loop, Penserra, and Samuel A.  
19 Ramirez are collectively referred to hereinafter as the “Underwriter Defendants.”

20 **CLASS ACTION ALLEGATIONS**

21 37. Plaintiff brings this action as a class action pursuant to Federal Rule of  
22 Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and  
23 entities that purchased or otherwise acquired Honest common stock pursuant and/or  
24 traceable to the Registration Statement issued in connection with the Company’s May  
25 2021 IPO. Excluded from the Class are Defendants, the officers and directors of the  
26 Company, at all relevant times, members of their immediate families and their legal  
27 representatives, heirs, successors, or assigns, and any entity in which Defendants have  
28 or had a controlling interest.

1           38. The members of the Class are so numerous that joinder of all members  
2 is impracticable. Throughout the Class Period, Honest's shares actively traded on the  
3 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this  
4 time and can only be ascertained through appropriate discovery, Plaintiff believes that  
5 there are at least hundreds or thousands of members in the proposed Class. Millions  
6 of Honest shares were traded publicly during the Class Period on the NASDAQ.  
7 Record owners and other members of the Class may be identified from records  
8 maintained by Honest or its transfer agent and may be notified of the pendency of this  
9 action by mail, using the form of notice similar to that customarily used in securities  
10 class actions.

11           39. Plaintiff's claims are typical of the claims of the members of the Class  
12 as all members of the Class are similarly affected by Defendants' wrongful conduct  
13 in violation of federal law that is complained of herein.

14           40. Plaintiff will fairly and adequately protect the interests of the members  
15 of the Class and has retained counsel competent and experienced in class and  
16 securities litigation.

17           41. Common questions of law and fact exist as to all members of the Class  
18 and predominate over any questions solely affecting individual members of the Class.  
19 Among the questions of law and fact common to the Class are:

20               (a) whether the federal securities laws were violated by Defendants'  
21 acts as alleged herein;

22               (b) whether statements made by Defendants to the investing public  
23 during the Class Period omitted and/or misrepresented material facts about the  
24 business, operations, and prospects of Honest; and

25               (c) to what extent the members of the Class have sustained damages  
26 and the proper measure of damages.

27           42. A class action is superior to all other available methods for the fair and  
28 efficient adjudication of this controversy since joinder of all members is

1 impracticable. Furthermore, as the damages suffered by individual Class members  
2 may be relatively small, the expense and burden of individual litigation makes it  
3 impossible for members of the Class to individually redress the wrongs done to them.  
4 There will be no difficulty in the management of this action as a class action.

## 5 **SUBSTANTIVE ALLEGATIONS**

### 6 **Background**

7 43. Honest claims it is a “digitally-native, mission-driven brand focused on  
8 leading the clean lifestyle movement, creating a community for conscious consumers  
9 and seeking to disrupt multiple consumer product categories.” Honest’s three product  
10 categories are (1) Diapers and Wipes, (2) Skin and Personal Care, and (3) Household  
11 and Wellness. According to Honest, these three categories represented 63%, 26% and  
12 11% of Honest’s 2020 revenue, respectively.

### 13 **The Company’s False and/or Misleading**

#### 14 **Registration Statement and Prospectus**

15 44. On April 9, 2021, the Company filed its initial registration statement on  
16 Form S-1 with the SEC, which forms part of the Registration Statement.

17 45. On April 26, 2021, the Company filed its final amendment to the  
18 Registration Statement with the SEC on Form S-1/A, which forms part of the  
19 Registration Statement. The Registration Statement was declared effective on May 4,  
20 2021.

21 46. On May 6, 2021, the Company filed its prospectus on Form 424B4 with  
22 the SEC, which forms part of the Registration Statement. In the IPO, the Company  
23 sold 6,451,613 shares of common stock, plus an additional 3,871,050 shares of  
24 common stock pursuant to the underwriter’s option to purchase additional shares at a  
25 price of \$16.00 per share. Certain existing stockholders also sold an aggregate of  
26 19,355,387 shares of common stock in the IPO for \$16.00 per share, including  
27 15,229,543 by the executive officers and directors of Honest as a group (excluding  
28 the underwriters’ over-allotment option). The Company received proceeds of

1 approximately \$91.1 million from the Offering, net of underwriting discounts and  
2 commissions. The proceeds from the IPO were purportedly to be used FOR “general  
3 corporate purposes” including “operating expenses, working capital and capital  
4 expenditures for future growth, including marketing and direct-to-consumer  
5 advertising investments, innovation and adjacent product category expansion,  
6 international growth investment and organizational capabilities investments.” Honest  
7 further claimed that it “may also use a portion of the net proceeds . . . to acquire  
8 complementary businesses, products, services or technologies.”

9 47. The Registration Statement was negligently prepared and, as a result,  
10 contained untrue statements of material facts or omitted to state other facts necessary  
11 to make the statements made not misleading, and was not prepared in accordance with  
12 the rules and regulations governing its preparation.

13 48. Under applicable SEC rules and regulations, the Registration Statement  
14 was required to disclose known trends, events or uncertainties that were having, and  
15 were reasonably likely to have, an impact on the Company’s continuing operations.

16 49. With respect to Honest’s past performance and prospects, the  
17 Registration Statement stated, in relevant part:

18 As we have executed against our Innovation Strategy, we have been  
19 successful in reinvigorating growth, improving product mix,  
20 significantly enhancing our gross margin profile and turning profitable  
on an adjusted EBITDA basis. We have achieved the following  
financial results:

- 21 • From 2018 to 2020, we grew revenue by a 12% compound  
22 annual growth rate, or CAGR, from \$237.9 million to \$300.5  
23 million, with only a slight decline in 2019 as we offset declines  
from Non-Core Products;
- 24 • We achieved 27.6% year-over-year revenue growth in 2020,  
25 recording year-over-year revenue growth rates of 16.4%, 35.5%,  
and 116.5% in our Diapers and Wipes, Skin and Personal Care  
and Household and Wellness categories, respectively;
- 26 • We also increased gross margin by 1,080 basis points from  
27 25.1% in 2018 to 35.9% in 2020, by driving growth in higher-  
28 margin products and channels, leveraging our strategic  
relationships with retailers, gaining leverage on fixed costs in

1 fulfillment, as well as executing on accretive product innovation;  
2 and

- 3 • In 2020, we reported a net loss of \$14.5 million and adjusted  
4 EBITDA of \$11.2 million, or 4% of revenue.

5 50. With respect to the Impact of COVID 19, the Registration Statement  
6 stated that “[c]hanges in macro-level consumer spending trends, including as a result  
7 of the COVID-19 pandemic, *could* result in fluctuations in our operating results.”

8 (Emphasis added.) It further stated, in relevant part:

9 The COVID-19 pandemic has caused general business disruption  
10 worldwide beginning in January 2020. The full extent to which the  
11 COVID-19 pandemic will directly or indirectly impact our cash flow,  
12 business, financial condition, results of operations and prospects will  
13 depend on future developments that are uncertain.

14 As a result of the COVID-19 pandemic, we temporarily closed our  
15 headquarters, supported our employees and contractors to work  
16 remotely, and implemented travel restrictions. These actions represented  
17 a significant change in how we operated our business, but we believe that  
18 we successfully navigated this transition. In an effort to provide a safe  
19 work environment for our employees, we have implemented various  
20 social distancing measures, including replacing in-person meetings with  
21 virtual interactions. We will continue to take actions as may be required  
22 or recommended by government authorities or as we determine are in the  
23 best interests of our employees and other business partners in light of the  
24 pandemic.

25 We have experienced relatively minor impacts on our inventory  
26 availability and delivery capacity since the outbreak, none of which has  
27 materially impacted our ability to service our consumers and retail and  
28 third-party ecommerce customers. We have taken measures to bolster  
key aspects of our supply chain, such as securing secondary suppliers  
and ensuring sufficient inventory to support our continued growth in the  
face of the pandemic. We continue to work with our existing  
manufacturing, logistics and other supply chain partners to ensure our  
ability to service our consumers and retail and third-party ecommerce  
customers.

*We believe COVID-19 has been one of the drivers of demand in our  
Digital channel as consumers have shifted to online shopping amid the  
pandemic. Additionally, our Household and Wellness product category  
has benefitted from increasing demand for sanitization products. We  
accelerated our development timeline for certain product launches,  
launching our disinfecting spray and alcohol wipes in 2020. There is  
no assurance that we will continue to experience such increases in  
demand. We may see a decline in use of online shopping and demand  
for sanitization products when the COVID-19 pandemic subsides.*

The operations of our retail partners, manufacturers and suppliers have  
also been impacted by the COVID-19 pandemic. While the duration and

1 extent of the COVID-19 pandemic depends on future developments that  
2 cannot be accurately predicted at this time, it has already had an adverse  
3 effect on the global economy and the ultimate societal and economic  
4 impact of the COVID-19 pandemic remains unknown. In particular, the  
5 conditions caused by this pandemic may negatively impact collections  
of accounts receivable and reduce expected spending from new  
consumers, all of which could adversely affect our business, financial  
condition, results of operations and prospects during fiscal 2021 and  
potentially future periods.

6 (Emphasis added.)

7 51. The Registration Statement was materially false and misleading and  
8 omitted: (1) that, prior to the IPO, the Company's results had been significantly  
9 impacted by a multimillion-dollar COVID-19 stock-up for products in the Diapers  
10 and Wipes category and Household and Wellness category; (2) that, at the time of the  
11 IPO, the Company was experiencing decelerating demand for such products; (3) that,  
12 as a result, the Company's financial results would likely be adversely impacted; and  
13 (4) that, as a result of the foregoing, Defendants' positive statements about the  
14 Company's business, operations, and prospects, were materially misleading and/or  
15 lacked a reasonable basis.

#### 16 **The Subsequent Disclosure**

17 52. On August 13, 2021, before the market opened, Honest issued a press  
18 release titled "The Honest Company Reports Second Quarter 2021 Financial Results."  
19 Therein, Honest reported a net loss of \$20 million for the second quarter of 2021, as  
20 compared to a net loss of only \$0.4 million for the second quarter of 2020. Honest  
21 disclosed that its revenue grew only 3% as compared to the second quarter of 2020,  
22 because it was negatively impacted by "an estimated \$3.7 million COVID-19 stock-  
23 up impact primarily in Diapers and Wipes in the prior year period." Honest also  
24 disclosed that its Diapers and Wipes category revenue declined 2% compared to the  
25 second quarter of 2020. Honest further disclosed that "Household and Wellness  
26 revenue declined 6% from the second quarter of 2020 as consumer and customer  
27 demand for sanitization products decreased as consumers became vaccinated and  
28

1 customers managed heavy levels of inventory.” The press release stated, in relevant  
2 part:

3 LOS ANGELES, Aug. 13, 2021 (GLOBE NEWSWIRE) -- The Honest  
4 Company (NASDAQ: HNST), a digitally native, mission-driven brand  
5 focused on leading the clean lifestyle movement, reported second  
6 quarter 2021 financial results for the three and six months ended June  
7 30, 2021.

8 “The underlying strength and financial performance of our overall  
9 business for the first half of 2021 reflects the ongoing success of our  
10 strategic initiatives focused on Content, Community, Commerce, and  
11 our powerful innovation and category expansion,” said Nick Vlahos,  
12 Chief Executive Officer of The Honest Company. “For the first half of  
13 2021, we were pleased to deliver 8% revenue and volume growth on  
14 top of the accelerated COVID stock-up surge of 25% revenue growth  
15 that we saw in the first half of 2020 as compared to the first half of  
16 2019. We also exceeded our gross margin expectations for the overall  
17 business in the first half of 2021, showing the strength of our business  
18 at a time when our entire industry faced a challenging input cost,  
19 inventory and supply chain environment.”

20 Vlahos continued, "During the second quarter we saw positive  
21 consumer response to our new Clean Conscious Diaper and marketing  
22 innovation with over 17% retail consumption growth for Honest's  
23 Diapers, Wipes and Personal Care products as measured by syndicated  
24 data for the thirteen-weeks ended June 27, 2021. This growth is on top  
25 of the significant COVID-19 stock-up we experienced in the Diapers  
26 and Wipes category in 2020. As we look to the remainder of the year,  
27 we continue to have confidence in our three year strategic plan, Strategy  
28 2023, and are focused on executing with excellence to deliver  
shareholder value over the long-term and solidify Honest's position as  
the next generation, modern CPG company.”

### 19 **Second Quarter Highlights**

- 20 • **Revenue** grew 3% from the second quarter of 2020; excluding  
21 an estimated \$3.7 million COVID-19 stock-up impact primarily  
in Diapers and Wipes in the prior year period, revenue growth  
was 9%:
  - 22 ○ **Skin and Personal Care** revenue increased 16% from the  
23 second quarter of 2020 and increased 39% as compared to  
the second quarter of 2019.
  - 24 ○ **Diapers and Wipes** declined 2% as compared to the  
25 second quarter of 2020 with mid-single digit growth in  
26 diapers offset by the 2020 COVID-19 stock-up impact in  
the prior year period. Diapers and Wipes grew 17% as  
27 compared to the second quarter of 2019.
  - 28 ○ **Household and Wellness** revenue declined 6% from the  
second quarter of 2020 as consumer and customer demand  
for sanitization products decreased as consumers became

1 vaccinated and customers managed heavy levels of  
2 inventory. Household and Wellness declined 31% as  
3 compared to the second quarter of 2019 as we simplified  
4 the product portfolio while discontinuing certain non-core  
5 products that did not align with our revamped product  
6 strategy.

- 7 • **Gross margin** was 36% representing a decrease of 50 basis  
8 points from the second quarter of 2020 and expansion of 710  
9 basis points from the second quarter of 2019; notably, gross  
10 margin expanded 110 basis points from the first quarter of 2021;  
11 the gross margin decline from the second quarter of 2020 was  
12 driven by more normalized levels of trade spend; the expansion  
13 in gross margin versus the second quarter of 2019 and the first  
14 quarter of 2021 was driven in part by our cost savings and  
15 product mix initiatives
- 16 • **Net loss** was \$20.0 million (including one-time IPO related costs  
17 and other transaction-related expenses) and **adjusted EBITDA**  
18 was a loss of \$0.8 million for the second quarter of 2021

19 53. On this news, the Company's stock price fell \$3.98 per share, or 28%, to  
20 close at \$10.07 per share on August 13, 2021, on unusually heavy trading volume. On  
21 August 19, 2021, the Company's stock price closed at an all-time low of \$9.16 per  
22 share, a nearly 43% decline from the \$16.00 per share IPO price.

### 23 FIRST CLAIM

#### 24 **Violation of Section 11 of the Securities Act**

#### 25 **(Against All Defendants)**

26 54. Plaintiff repeats and re-alleges each and every allegation contained  
27 above as if fully set forth herein.

28 55. This Count is brought pursuant to Section 11 of the Securities Act, 15  
U.S.C. § 77k, on behalf of the Class, against the Defendants.

56. The Registration Statement for the IPO was inaccurate and misleading,  
contained untrue statements of material facts, omitted to state other facts necessary to  
make the statements made not misleading, and omitted to state material facts required  
to be stated therein.

57. Honest is the registrant for the IPO. The Defendants named herein were  
responsible for the contents and dissemination of the Registration Statement.



