

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended **March 31, 2024**
- 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 001-40860

**Olaplex Holdings, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

87-1242679  
(I.R.S. Employer  
Identification No.)

432 Park Avenue South, Third Floor, New York, NY 10016

(Address of principal executive offices and zip code)

(310) 691-0776

(Registrant's telephone number, including area code)

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, par value \$0.001 per share | OLPX              | Nasdaq Global Select Market               |

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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of April 26, 2024, registrant had 661,762,749 shares of common stock, par value \$0.001 per share, outstanding.

OLAPLEX HOLDINGS, INC.  
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## GLOSSARY

As used in this Quarterly Report on Form 10-Q (“Quarterly Report”), the terms identified below have the meanings specified below unless otherwise noted or the context indicates otherwise. Except where the context otherwise requires or where otherwise indicated, the terms “OLAPLEX” “we,” “us,” “our,” “the Company,” and “our business” refer to Olaplex Holdings, Inc. and its consolidated subsidiaries.

- “2022 Credit Agreement” refers to the Credit Agreement, dated as of February 23, 2022, by and among Olaplex, Inc., Penelope Intermediate Corp, Goldman Sachs Bank USA, as administrative agent, collateral agent and swingline lender, and each lender and issuing bank from time to time party thereto. The 2022 Credit Agreement includes, among other things, a \$675 million seven-year senior-secured term loan facility (the “2022 Term Loan Facility”) and a \$150 million five-year senior-secured revolving credit facility (the “2022 Revolver”).
- “IPO” refers to the initial public offering of shares of common stock of Olaplex Holdings, Inc., completed on October 4, 2021.
- “Penelope” refers to Penelope Holdings Corp., which is an indirect parent of Olaplex, Inc., the Company’s primary operating subsidiary.
- “Penelope Group Holdings” refers to Penelope Group Holdings L.P., which prior to the IPO was the direct parent of Penelope.
- “Pre-IPO Stockholders” refers to, collectively, (i) the former limited partners of Penelope Group Holdings prior to the Reorganization Transactions and (ii) holders of options to purchase shares of common stock of Penelope that were vested as of the consummation of the Reorganization Transactions.
- “Pre-IPO Tax Assets” refers to, collectively, certain tax attributes existing prior to the IPO, including tax basis in intangible assets and capitalized transaction costs relating to taxable years ending on or before the date of the IPO (calculated by assuming the taxable year of the relevant entity closes on the date of the IPO), that are amortizable over a fixed period of time (including in tax periods beginning after the IPO) and which are available to us and our wholly-owned subsidiaries.
- “Reorganization Transactions” refers to the internal reorganization completed in connection with our IPO, pursuant to which Olaplex Holdings, Inc. became an indirect parent of Olaplex, Inc. For further information, see “Reorganization Transactions” in “Note 1 - Nature of Operations and Basis of Presentation” to our Consolidated Financial Statements included in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2023.
- “Tax Receivable Agreement” refers to the income tax receivable agreement entered into by the Company in connection with the Reorganization Transactions under which the Company is required to pay the Pre-IPO Stockholders 85% of the cash savings, if any, in United States (“U.S.”) federal, state or local tax that the Company actually realizes on its taxable income following the IPO, as specified in the Tax Receivable Agreement.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by, and information currently available to, us. These statements include, but are not limited to, statements about our strategies, plans, objectives, expectations, intentions, expenditures and assumptions and other statements contained in or incorporated by reference in this Quarterly Report that are not historical or current facts. When used in this document, words such as “may,” “will,” “could,” “should,” “intend,” “potential,” “continue,” “anticipate,” “believe,” “estimate,” “expect,” “plan,” “target,” “predict,” “project,” “forecast,” “seek” and similar expressions as they relate to us are intended to identify forward-looking statements.

The forward-looking statements in this Quarterly Report reflect our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operation. Examples of forward-looking statements include, among others, statements we make regarding: our financial position, sales and operating results; our business plans, strategies, investments and objectives; general economic and industry trends; our business prospects; our reputation and brand; our product technology; future product development and introduction; growth and expansion opportunities, including expansion in existing markets and into new markets; our sales channels and omnichannel strategy; legal proceedings; changes in laws and regulations; future payments under our Tax Receivable Agreement; our customer base; our supply chain and global distribution network; our information technology; our employees and culture; our operational capabilities; interest rate derivatives; and our expenses, inventory levels, other working capital, indebtedness and liquidity. Forward-looking statements are predictions based upon assumptions that may not prove to be accurate, and they are not guarantees of future performance. As such, you should not place significant reliance on our forward-looking statements. Neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements, including any such statements taken from third party industry and market reports.

Forward-looking statements involve known and unknown risks, inherent uncertainties and other factors that are difficult to predict which may cause our actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements, including, without limitation, the following:

- competition in the beauty industry;
- our ability to effectively maintain and promote a positive brand image, expand our brand awareness and maintain consumer confidence in the quality, safety and efficacy of our products;
- our ability to anticipate and respond to market trends and changes in consumer preferences and execute on our growth strategies and expansion opportunities, including with respect to new product introductions;
- our ability to accurately forecast customer and consumer demand for our products;
- our dependence on the success of our long-term strategic plan;
- our ability to limit the illegal distribution and sale by third parties of counterfeit versions of our products or the unauthorized diversion by third parties of our products;
- our dependence on a limited number of customers for a large portion of our net sales;
- our ability to develop, manufacture and effectively and profitably market and sell future products;
- our ability to attract new customers and consumers and encourage consumer spending across our product portfolio;
- our ability to successfully implement new or additional marketing efforts;
- our relationships with and the performance of our suppliers, manufacturers, distributors and retailers and our ability to manage our supply chain;
- impacts on our business from political, regulatory, economic, trade and other risks associated with operating internationally;
- our ability to manage our executive leadership changes and to attract and retain senior management and other qualified personnel;
- our reliance on our and our third-party service providers' information technology;
- our ability to maintain the security of confidential information;

- our ability to establish and maintain intellectual property protection for our products, as well as our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights of others;
- the outcome of litigation and regulatory proceedings;
- the impact of changes in federal, state and international laws, regulations and administrative policy;
- our existing and any future indebtedness, including our ability to comply with affirmative and negative covenants under the 2022 Credit Agreement;
- our ability to service our existing indebtedness and obtain additional capital to finance operations and our growth opportunities;
- volatility of our stock price;
- our “controlled company” status and the influence of investment funds affiliated with Advent International, L.P. over us;
- the impact of an economic downturn and inflationary pressures on our business;
- fluctuations in our quarterly results of operations;
- changes in our tax rates and our exposure to tax liability; and
- the other factors identified in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”) and in other documents that we file with the U.S. Securities and Exchange Commission from time to time.

Many of these factors are macroeconomic in nature and are, therefore, beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in this Quarterly Report as anticipated, believed, estimated, expected, intended, planned or projected. We discuss many of these risks in greater detail in the “Risk Factors” section of our 2023 Form 10-K. The forward-looking statements included in this Quarterly Report are made only as of the date hereof. Unless required by law, we neither intend nor assume any obligation to update these forward-looking statements for any reason after the date of this Quarterly Report to conform these statements to actual results or to changes in our expectations or otherwise.

PART I - FINANCIAL INFORMATION  
ITEM 1. Financial Statements

OLAPLEX HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(amounts in thousands, except per share and share data)  
(Unaudited)

|  | March 31,<br>2024 | December 31,<br>2023 |
|--|-------------------|----------------------|
| <b>Assets</b>  |                   |                      |
| Current Assets:  |                   |                      |
| Cash and cash equivalents  | \$ 507,506        | \$ 466,400           |
| Accounts receivable, net of allowances of \$19,079 and \$21,465  | 25,807            | 40,921               |
| Inventory  | 94,643            | 95,922               |
| Other current assets   | 11,541            | 9,953                |
| Total current assets   | 639,497           | 613,196              |
| Property and equipment, net  | 1,241             | 930                  |
| Intangible assets, net   | 935,917           | 947,714              |
| Goodwill   | 168,300           | 168,300              |
| Other assets   | 8,416             | 10,198               |
| Total assets   | \$ 1,753,371      | \$ 1,740,338         |
| <b>Liabilities and stockholders' equity</b>  |                   |                      |
| Current Liabilities:   |                   |                      |
| Accounts payable   | \$ 17,222         | \$ 7,073             |
| Sales and income taxes payable   | 4,923             | 9,067                |
| Accrued expenses and other current liabilities   | 18,156            | 20,576               |
| Current portion of long-term debt  | 6,750             | 6,750                |
| Current portion of Related Party payable pursuant to Tax Receivable Agreement  | 12,675            | 12,675               |
| Total current liabilities  | 59,726            | 56,141               |
| Long-term debt   | 647,695           | 649,023              |
| Deferred tax liabilities   | 2,678             | 3,016                |
| Related Party payable pursuant to Tax Receivable Agreement   | 185,496           | 185,496              |
| Other liabilities  | 2,065             | 1,694                |
| Total liabilities  | 897,660           | 895,370              |
| Contingencies (Note 11)  |                   |                      |
| Stockholders' equity (Notes 1 and 9):  |                   |                      |
| Common stock, \$0.001 par value per share; 2,000,000,000 shares authorized, 661,283,677 and 660,731,935 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively | 675               | 671                  |
| Preferred stock, \$0.001 par value per share; 25,000,000 shares authorized and no shares issued and outstanding  | —                 | —                    |
| Additional paid-in capital   | 319,843           | 316,489              |
| Accumulated other comprehensive income   | 1,004             | 1,365                |
| Retained earnings  | 534,189           | 526,443              |
| Total stockholders' equity   | 855,711           | 844,968              |
| Total liabilities and stockholders' equity   | \$ 1,753,371      | \$ 1,740,338         |

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

## OLAPLEX HOLDINGS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

*(amounts in thousands, except per share and share data)**(Unaudited)*

|  | Three Months Ended<br>March 31, |             |
|--|---------------------------------|-------------|
|  | 2024                            | 2023        |
| Net sales  | \$ 98,906                       | \$ 113,787  |
| Cost of sales:   |                                 |             |
| Cost of product (excluding amortization)                 | 25,376                          | 31,235      |
| Amortization of patented formulations                    | 2,187                           | 1,742       |
| Total cost of sales                                      | 27,563                          | 32,977      |
| Gross profit   | 71,343                          | 80,810      |
| Operating expenses:                                      |                                 |             |
| Selling, general, and administrative                     | 40,437                          | 34,924      |
| Amortization of other intangible assets                  | 11,289                          | 10,323      |
| Total operating expenses                                 | 51,726                          | 45,247      |
| Operating income   | 19,617                          | 35,563      |
| Interest expense   | (14,504)                        | (13,918)    |
| Interest income  | 6,203                           | 3,375       |
| Other (expense) income, net                              | (947)                           | 242         |
| Income before provision for income taxes                 | 10,369                          | 25,262      |
| Income tax provision                                     | 2,623                           | 4,298       |
| Net income   | \$ 7,746                        | \$ 20,964   |
| Net income per share:                                    |                                 |             |
| Basic  | \$ 0.01                         | \$ 0.03     |
| Diluted  | \$ 0.01                         | \$ 0.03     |
| Weighted average common shares outstanding:              |                                 |             |
| Basic  | 660,821,930                     | 651,730,993 |
| Diluted  | 663,565,291                     | 683,485,182 |
| Other comprehensive loss:                                |                                 |             |
| Unrealized loss on derivatives, net of income tax effect | \$ (361)                        | \$ (557)    |
| Total other comprehensive loss                           | (361)                           | (557)       |
| Comprehensive income                                     | \$ 7,385                        | \$ 20,407   |

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

**OLAPLEX HOLDINGS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
*(amounts in thousands, except number of shares)*
*(Unaudited)*

|   | Shares<br>(Note 1) | Amount        | Additional Paid<br>in Capital | Accumulated Other<br>Comprehensive Income | Retained<br>Earnings | Total Equity      |
|---|--------------------|---------------|-------------------------------|---|----------------------|-------------------|
| <b>Balance - December 31, 2023</b>  | 660,731,935        | \$ 671        | \$ 316,489                    | \$ 1,365                                  | \$ 526,443           | \$ 844,968        |
| Net income  | —                  | —             | —                             | —   | 7,746                | 7,746             |
| Issuance of shares upon exercise of stock options and vesting of restricted stock units | 551,742            | 4             | 171                           | —   | —                    | 175               |
| Share-based compensation expense  | —                  | —             | 3,183                         | —   | —                    | 3,183             |
| Unrealized loss on derivatives (net of taxes)   | —                  | —             | —                             | (361)                                     | —                    | (361)             |
| <b>Balance – March 31, 2024</b>   | <u>661,283,677</u> | <u>\$ 675</u> | <u>\$ 319,843</u>             | <u>\$ 1,004</u>                           | <u>\$ 534,189</u>    | <u>\$ 855,711</u> |
|   | Shares<br>(Note 1) | Amount        | Additional Paid<br>in Capital | Accumulated Other<br>Comprehensive Income | Retained<br>Earnings | Total Equity      |
| <b>Balance - December 31, 2022</b>  | 650,091,380        | \$ 649        | \$ 312,875                    | \$ 2,577                                  | \$ 464,856           | \$ 780,957        |
| Net income  | —                  | —             | —                             | —   | 20,964               | 20,964            |
| Exercise of stock-settled stock appreciation rights                                     | 109,620            | —             | 326                           | —   | —                    | 326               |
| Shares withheld and retired on exercise of stock-settled stock appreciation rights      | (83,501)           | —             | (390)                         | —   | —                    | (390)             |
| Exercise of stock options   | 3,659,267          | 4             | 3,295                         | —   | —                    | 3,299             |
| Share-based compensation expense  | —                  | —             | 2,018                         | —   | —                    | 2,018             |
| Unrealized loss on derivatives (net of taxes)   | —                  | —             | —                             | (557)                                     | —                    | (557)             |
| <b>Balance – March 31, 2023</b>   | <u>653,776,766</u> | <u>\$ 653</u> | <u>\$ 318,124</u>             | <u>\$ 2,020</u>                           | <u>\$ 485,820</u>    | <u>\$ 806,617</u> |

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



**OLAPLEX HOLDINGS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(amounts in thousands)*
*(Unaudited)*

|   | <b>Three Months Ended<br/>March 31,</b> |                   |
|---|---|-------------------|
|   | <b>2024</b>                             | <b>2023</b>       |
| <b>Cash flows from operating activities:</b>  |   |                   |
| Net income  | \$ 7,746                                | \$ 20,964         |
| Adjustments to reconcile net income to net cash from operations provided by operating activities: |   |                   |
| Amortization of patent formulations   | 2,187                                   | 1,742             |
| Amortization of other intangibles   | 11,289                                  | 10,323            |
| Inventory write-off and disposal  | 863                                     | 2,610             |
| Depreciation of fixed assets  | 149                                     | 116               |
| Amortization of debt issuance costs   | 453                                     | 453               |
| Deferred taxes  | (231)                                   | 847               |
| Share-based compensation expense  | 3,183                                   | 2,018             |
| Other operating   | 265                                     | 265               |
| Changes in operating assets and liabilities:  |   |                   |
| Accounts receivable, net  | 15,114                                  | 704               |
| Inventory   | 552                                     | 10,407            |
| Other current assets  | 1,507                                   | (7,108)           |
| Accounts payable  | 9,553                                   | (340)             |
| Accrued expenses, sales tax and income tax payable  | (6,929)                                 | 5,116             |
| Other assets and liabilities  | (1,994)                                 | (28)              |
| Net cash provided by operating activities   | <u>43,707</u>                           | <u>48,089</u>     |
| <b>Cash flows from investing activities:</b>  |   |                   |
| Purchase of property and equipment  | (451)                                   | (107)             |
| Purchase of software  | (633)                                   | (524)             |
| Net cash used in investing activities   | <u>(1,084)</u>                          | <u>(631)</u>      |
| <b>Cash flows from financing activities:</b>  |   |                   |
| Proceeds from exercise of stock options   | 171                                     | 2,513             |
| Payments related to shares withheld and retired to cover tax withholding obligation for SARs      | —                                       | (64)              |
| Principal payments of Term Loan   | (1,688)                                 | (3,375)           |
| Net cash used in financing activities   | <u>(1,517)</u>                          | <u>(926)</u>      |
| Net increase in cash and cash equivalents   | 41,106                                  | 46,532            |
| Cash and cash equivalents - beginning of period   | 466,400                                 | 322,808           |
| Cash and cash equivalents - end of period   | <u>\$ 507,506</u>                       | <u>\$ 369,340</u> |
| <b>Supplemental disclosure of cash flow information:</b>  |   |                   |
| Cash paid for income taxes  | \$ 4,998                                | \$ 91             |
| Cash paid during the year for interest  | \$ 14,990                               | \$ 13,853         |
| <b>Supplemental disclosure of noncash activities:</b>   |   |                   |
| Assets acquired under operating lease   | \$ 742                                  | \$ —              |
| Intangible assets non cash transaction  | \$ 587                                  | \$ —              |
| Property and equipment non cash transaction   | \$ 9                                    | \$ —              |

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

**OLAPLEX HOLDINGS, INC.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*(in thousands, except share and per share amounts, percentages and as otherwise indicated)*  
*(Unaudited)*

**NOTE 1- NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Olaplex Holdings, Inc. (“Olaplex Holdings” and, together with its subsidiaries, the “Company”) is a Delaware corporation that was incorporated on June 8, 2021. Olaplex Holdings is organized as a holding company and operates indirectly through Olaplex, Inc., its wholly owned indirect subsidiary, which conducts business under the name “Olaplex”. Olaplex is an innovative, science-enabled, technology-driven beauty company that is focused on delivering its patent-protected prestige hair care products to professional hair salons, retailers and everyday consumers. Olaplex develops, manufactures and distributes a line of hair care products developed to address three key uses: treatment, maintenance and protection.

***Basis of Presentation***

The accompanying unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim Condensed Consolidated Financial Statements furnished reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The results of operations of any interim period are not necessarily indicative of the results of operations to be expected for the full fiscal year. The unaudited interim Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and accompanying footnotes included in the Company’s 2023 Form 10-K.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Estimates and Assumptions***

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Examples of estimates and assumptions include: for revenue recognition, determining the nature and timing of satisfaction of performance obligations, variable consideration, and other obligations such as product returns, allowance for promotions, and refunds; loss contingencies; the fair value of share-based options and stock settled stock appreciation rights (“SARs”); the fair value of and/or potential impairment of goodwill and intangible assets for the Company’s reporting unit; the fair value of the Company’s interest rate cap; useful lives of the Company’s tangible and intangible assets; estimated income tax expense and tax payments; future payment obligations under the Tax Receivable Agreement; the net realizable value of, and demand for the Company’s inventory. Actual results and outcomes may differ from management’s estimates and assumptions due to risks and uncertainties.

***Fair Value of Financial Instruments***

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 authoritative guidance for fair value measurements established a framework for measuring fair value and established a three-level valuation hierarchy for disclosure of fair value measurements as follows:

***Level 1***—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. The Company’s Level 1 assets consist of its marketable securities.

***Level 2***—Observable quoted prices for similar assets or liabilities in active markets and observable quoted prices for identical assets or liabilities in markets that are not active.

***Level 3***—Unobservable inputs that are not corroborated by market data.

Cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are reflected at carrying value, which approximates fair value due to the short-term maturity. The Company’s long-term debt is recorded at its carrying value in the Condensed Consolidated Balance Sheets, which may differ from fair value. The Company’s interest rate cap is recorded at its Level 2 fair value in the Condensed Consolidated Balance Sheets.

***Accounting Policies***

There have been no material changes in significant accounting policies as described in the Company's Consolidated Financial Statements for the year ended December 31, 2023.

#### ***Constructive Retirement of Common Stock Repurchases***

When the Company's common stock is retired or purchased for constructive retirement for net share settlement of stock options, any excess purchase price over par value is allocated between additional paid-in-capital, to the extent that previous net gains from sales or retirements are included therein, and the remainder to retained earnings.

#### ***Tax Receivable Agreement***

In connection with the Reorganization Transactions, the Company entered into the Tax Receivable Agreement under which the Company will be required to pay to the Pre-IPO Stockholders 85% of the federal, state or local tax cash savings that the Company actually realizes on its taxable income following the IPO, as a result of the amortization of intangible assets and capitalized transaction costs that existed as of the date of the IPO. Under the Tax Receivable Agreement, generally the Company will retain the benefit of the remaining 15% of the applicable tax savings.

The Tax Receivable Agreement liability is calculated based on current tax laws and the assumption that the Company and its subsidiaries will earn sufficient taxable income to realize the full tax benefits subject to the Tax Receivable Agreement. Updates to the Company's blended state tax rate, allocation of U.S. versus foreign sourced income and changes in tax rules on the amortization and depreciation of assets may significantly impact the established liability and changes to that established liability would be recorded to other (expense) income in the period the Company made the determination regarding the applicable change. The Company expects that future payments under the Tax Receivable Agreement relating to the Pre-IPO Tax Assets could aggregate to \$198.2 million over the 11-year remaining period under the Tax Receivable Agreement. Payments under the Tax Receivable Agreement, which began in the year ended December 31, 2022, are not conditioned upon the parties' continued ownership of equity in the Company.

#### ***Recent Accounting Pronouncements Not Yet Adopted***

In November 2023, the FASB issued Accounting Standards Update No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The new guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and early adoption is permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Company is currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). This update also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The new guidance is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the potential impact of adopting this new guidance on its consolidated financial statements and related disclosures.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule will require registrants to disclose certain climate-related information in annual reports. On April 4, 2024, the SEC determined to voluntarily stay the final rules pending completion of a judicial review of certain legal challenges. The Company is currently evaluating the final rule to determine its impact on the Company's disclosures.

#### ***Reclassifications***

Certain amounts presented have been reclassified within the "Condensed Consolidated Statements of Operations and Comprehensive Income" to conform with the current period presentation, including a prior year reclassification from Interest expense, net to Interest income for three months ended March 31, 2023. The reclassifications occurred as a result of an increase in the significance of the current year amount. There was no change to the Condensed Consolidated Balance Sheet, Statements of Operations and Comprehensive Income, and Statements of Cash Flows from the reclassification.

### NOTE 3 – NET SALES

The Company distributes products in the U.S. and internationally through professional distributors in salons, directly to retailers for sale in their physical stores and e-commerce sites, and direct-to-consumer (“DTC”) through sales to third-party e-commerce customers and through its own Olaplex.com website. As such, the Company’s three business channels consist of professional, specialty retail and DTC as follows:

|                              | For the Three Months Ended |                |
|------------------------------|----------------------------|----------------|
|                              | March 31, 2024             | March 31, 2023 |
| <b>Net sales by Channel:</b> |                            |                |
| Professional                 | \$ 38,746                  | \$ 48,397      |
| Specialty retail             | 34,432                     | 34,859         |
| DTC                          | 25,728                     | 30,531         |
| Total net sales              | \$ 98,906                  | \$ 113,787     |

Net sales by major geographic region is based on the shipping address on record for the customer purchasing the Company’s products. During the three months ended March 31, 2024 and March 31, 2023, the Company’s net sales to consumers in the United States and International regions were as follows:

|                                | For the Three Months Ended |                |
|--------------------------------|----------------------------|----------------|
|                                | March 31, 2024             | March 31, 2023 |
| <b>Net sales by Geography:</b> |                            |                |
| United States                  | \$ 48,845                  | \$ 47,662      |
| International                  | 50,061                     | 66,125         |
| Total net sales                | \$ 98,906                  | \$ 113,787     |

U.S. net sales for the three months ended March 31, 2024 and March 31, 2023 included approximately \$1.7 million and \$2.2 million, respectively, of net sales to customers with U.S. shipping addresses who the Company expects will ultimately sell such products in international jurisdictions. No international country exceeded 10% of total net sales for the three months ended March 31, 2024 and March 31, 2023. Despite our customers’ geographic location, the majority of net sales are transacted in U.S. Dollars, the Company’s functional and reporting currency.

### NOTE 4 - INVENTORY

Inventory as of March 31, 2024 and December 31, 2023 consisted of the following:

|                | March 31, 2024 | December 31, 2023 |
|----------------|----------------|-------------------|
| Raw materials  | \$ 30,044      | \$ 30,306         |
| Finished goods | 64,599         | 65,616            |
| Inventory      | \$ 94,643      | \$ 95,922         |

During the three months ended March 31, 2024 and March 31, 2023, the Company recorded inventory write-offs of \$0.9 million and \$2.6 million, respectively, due to reserves for product obsolescence.

### NOTE 5 – FAIR VALUE MEASUREMENT

Fair value measurements are established utilizing a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets; Level 2, defined as observable quoted prices for similar assets or liabilities in active markets and observable quoted prices for identical assets or liabilities in markets that are not active; and Level 3, defined as unobservable inputs that are not corroborated by market data. The Company’s Level 1 assets consist of its marketable securities. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

On August 11, 2022, the Company entered into an interest rate cap transaction (the “interest rate cap”) in connection with the 2022 Term Loan Facility, with a notional amount of \$400 million. The interest rate cap was designated as a cash flow hedge. For derivatives designated, and that qualify, as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated other comprehensive income and subsequently reclassified into Interest expense in the same period(s) during which the hedged transaction affects earnings, as documented at hedge inception in accordance with the Company’s accounting policy election. The interest rate cap asset is measured at fair value on a recurring basis. Although the Company has determined that the majority of the inputs used to value the interest rate cap fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with the interest rate cap utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. The Company has determined that the impact of the credit valuation adjustments made to the interest rate cap was not significant to the overall valuation. As a result, the interest rate cap as of March 31, 2024 and December 31, 2023 was classified as Level 2 of the fair value hierarchy.

The Company’s assets measured at fair value on a recurring basis and subject to fair value disclosure requirements at March 31, 2024 and December 31, 2023 were as follows:

|  | Fair Value Measurements at Reporting Date Using |  |   |   |
|--|---|--|---|---|
|  | Total   | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 |
| <b>Assets:</b>                         |   |  |   |   |
| Interest rate cap at March 31, 2024    | \$ 1,661  | \$ —   | \$ 1,661                                    | \$ —                                    |
| Interest rate cap at December 31, 2023 | \$ 2,391  | \$ —   | \$ 2,391                                    | \$ —                                    |

#### NOTE 6 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are comprised of the following:

|                                      | March 31, 2024        |                       |                          |                     |
|--------------------------------------|-----------------------|-----------------------|--------------------------|---------------------|
|                                      | Estimated Useful Life | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Brand name                           | 25 years              | \$ 952,000            | \$ (160,994)             | \$ 791,006          |
| Product formulations                 | 15 years              | 136,500               | (38,357)                 | 98,143              |
| Customer relationships               | 20 years              | 53,000                | (11,204)                 | 41,796              |
| Software                             | 3-15 years            | 7,427                 | (2,455)                  | 4,972               |
| Total finite-lived intangibles       |                       | 1,148,927             | (213,010)                | 935,917             |
| Goodwill                             | Indefinite            | 168,300               | —                        | 168,300             |
| Total goodwill and other intangibles |                       | \$ 1,317,227          | \$ (213,010)             | \$ 1,104,217        |

|                                      | December 31, 2023     |                       |                          |                     |
|--------------------------------------|-----------------------|-----------------------|--------------------------|---------------------|
|                                      | Estimated Useful Life | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Brand name                           | 25 years              | \$ 952,000            | \$ (151,475)             | \$ 800,525          |
| Product formulations                 | 15 years              | 136,500               | (36,082)                 | 100,418             |
| Customer relationships               | 20 years              | 53,000                | (10,541)                 | 42,459              |
| Software                             | 3 years               | 5,660                 | (1,348)                  | 4,312               |
| Total finite-lived intangibles       |                       | 1,147,160             | (199,446)                | 947,714             |
| Goodwill                             | Indefinite            | 168,300               | —                        | 168,300             |
| Total goodwill and other intangibles |                       | \$ 1,315,460          | \$ (199,446)             | \$ 1,116,014        |

The amortization of the Company's brand name, customer relationships and software is recorded to Amortization of other intangible assets in the Condensed Consolidated Statements of Operations and Comprehensive Income. A portion of Amortization of patented formulations is capitalized to Inventory in the Condensed Consolidated Balance Sheets, and the remainder is recorded to Amortization of patented formulations in the Condensed Consolidated Statements of Operations and Comprehensive Income. Amortization of the Company's definite-lived intangible assets for the three months ended March 31, 2024 and March 31, 2023 was as follows:

|  | For the Three Months Ended |                |
|--|----------------------------|----------------|
|  | March 31, 2024             | March 31, 2023 |
| Amortization of patented formulations                          | \$ 2,187                   | \$ 1,742       |
| Amortization expense, brand name and customer relationships    | 10,182                     | 10,182         |
| Amortization expense, software                                 | 1,107                      | 141            |
| Amortization of other intangible assets                        | 11,289                     | 10,323         |
| Amortization of patented formulations capitalized to inventory | \$ 88                      | \$ 525         |

#### NOTE 7 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses as of March 31, 2024 and December 31, 2023 consisted of the following:

|  | March 31, 2024 | December 31, 2023 |
|--|----------------|-------------------|
| Accrued professional fees                      | \$ 4,102       | \$ 4,133          |
| Payroll liabilities                            | 4,162          | 4,639             |
| Accrued freight                                | 1,128          | 1,229             |
| Accrued advertising                            | 3,323          | 6,348             |
| Deferred revenue                               | 1,067          | 1,051             |
| Accrued interest                               | 588            | 431               |
| Accrued inventory purchase                     | 640            | —                 |
| Other accrued expenses and current liabilities | 3,146          | 2,745             |
| Accrued expenses and other current liabilities | \$ 18,156      | \$ 20,576         |

## NOTE 8 - LONG-TERM DEBT

The Company's Long-Term Debt as of March 31, 2024 and December 31, 2023 consisted of the following:

|  | <u>March 31, 2024</u> | <u>December 31, 2023</u> |
|--|-----------------------|--------------------------|
| <b>Long-term debt</b>  |                       |                          |
| <i>Credit Agreement, dated as of February 23, 2022 (the "2022 Credit Agreement")</i>               |                       |                          |
| \$675 Million 7-Year Senior Secured Term Loan Facility (the "2022 Term Loan Facility")             | \$ 661,500            | \$ 663,188               |
| \$150 Million 5-Year Senior Secured Revolving Credit Facility (the "2022 Revolver") <sup>(1)</sup> | —                     | —                        |
| Debt issuance costs  | (7,055)               | (7,415)                  |
| Total term loan debt   | 654,445               | 655,773                  |
| Less: Current portion  | (6,750)               | (6,750)                  |
| Long-term debt, net of debt issuance costs and current portion                                     | <u>\$ 647,695</u>     | <u>\$ 649,023</u>        |

<sup>(1)</sup> As of March 31, 2024 and December 31, 2023, the Company did not have outstanding amounts drawn on the 2022 Revolver, including letters of credit and swingline loan sub-facilities. As of March 31, 2024, the Company had \$150 million of available borrowing capacity under the 2022 Revolver.

The interest rate on outstanding debt under the 2022 Term Loan Facility was 8.9% per annum as of March 31, 2024. The interest rates for all facilities under the 2022 Credit Agreement are calculated based upon the Company's election among (a) adjusted term secured overnight financing rate ("SOFR") (subject to a 0.50% floor with respect to the 2022 Term Loan Facility, and a 0% floor with respect to the 2022 Revolver) plus an additional interest rate spread, (b) with respect to a borrowing in Euros under the 2022 Revolver, a euro interbank offered rate (subject to a 0% floor) plus an additional interest rate spread, or (c) an "Alternate Base Rate" (as defined in the 2022 Credit Agreement) (subject to a 1.50% floor with respect to the 2022 Term Loan Facility, and a 1.00% floor with respect to the 2022 Revolver) plus an additional interest rate spread.

Interest expense, net of interest income and inclusive of debt amortization, for the three months ended March 31, 2024 and March 31, 2023 was \$8.3 million and \$10.5 million, respectively.

The fair value of the Company's long-term debt is based on the market value of its long-term debt instrument. Based on the inputs used to value the long-term debt, the Company's long-term debt is categorized within Level 2 in the fair value hierarchy. As of March 31, 2024, the carrying amount of the Company's long-term debt under the 2022 Credit Agreement was \$654.4 million, and the fair value of the Company's long-term debt was \$613.5 million. As of December 31, 2023, the carrying amount of the Company's long-term debt under the 2022 Credit Agreement was \$655.8 million, and the fair value of the Company's long-term debt was \$615.1 million.

The 2022 Credit Agreement includes, among other things, customary negative and affirmative covenants (including reporting, financial and maintenance covenants) and events of default (including a change of control) for facilities of this type. In addition, the 2022 Credit Agreement includes a springing first lien leverage ratio financial covenant, which is applicable only to the lenders under the 2022 Revolver. The Company was in compliance with these affirmative and negative covenants on March 31, 2024 and December 31, 2023. The 2022 Term Loan Facility and the 2022 Revolver are secured by substantially all of the assets of Olaplex, Inc. and the other guarantors, subject to certain exceptions and thresholds.

### **Interest Rate Cap Transaction**

The Company's results are subject to risk from interest rate fluctuations on borrowings under the 2022 Credit Agreement, including the 2022 Term Loan Facility. The Company may, from time to time, utilize interest rate derivatives in an effort to add stability to interest expense and to manage its exposure to interest rate movements. On August 11, 2022, the Company entered into the interest rate cap in connection with the 2022 Term Loan Facility. The interest rate cap expires on July 31, 2024. Fair value and the related classification of the Company's interest rate cap is discussed in "Note 5 - Fair Value Measurement".

During the three months ended March 31, 2024, the Company's interest rate cap generated an unrecognized pre-tax loss of \$0.5 million recorded in Accumulated other comprehensive income on the Company's Condensed Consolidated Balance Sheets. During the same period, the Company also recognized a \$1.4 million reduction in interest expense related to the Company's receipt of funds as a result of an interest rate cap settlement with the Company's counterparty, partially offset by \$0.3 million of interest expense related to amortization of the interest rate cap premium paid by the Company in connection with the interest rate cap.

During the three months ended March 31, 2023, the Company's interest rate cap generated an unrecognized pre-tax loss of \$0.7 million recorded in Accumulated other comprehensive income on the Company's Condensed Consolidated Balance Sheets. The Company also recognized a \$0.6 million reduction in interest expense related the Company's receipt of funds as a result of an interest rate cap settlement with the Company's counterparty, partially offset by \$0.3 million related to amortization of the interest rate cap premium paid by the Company in connection with the interest rate cap.

The Company performed an initial effectiveness assessment on the interest rate cap and determined it to be an effective hedge of the cash flows related to the interest rate payments on the 2022 Term Loan Facility. The hedge is evaluated qualitatively on a quarterly basis for effectiveness. Changes in fair value are recorded in Accumulated other comprehensive income and periodic settlements of the interest rate cap will be recorded in Interest expense, net along with the interest on amounts outstanding under the 2022 Term Loan Facility. Payment of the up-front premium of the interest rate cap is included within Other assets and liabilities within cash flows from operating activities on the Company's Condensed Consolidated Statements of Cash Flows.

The Company does not hold or issue derivative financial instruments for trading purposes, nor does it hold or issue leveraged derivative instruments. By using derivative financial instruments to hedge exposures to interest rate fluctuations, the Company exposes itself to counterparty credit risk. The Company manages exposure to counterparty credit risk by entering into derivative financial instruments with highly rated institutions that can be expected to fully perform under the terms of the applicable contracts.

#### **NOTE 9 - EQUITY**

During the three months ended March 31, 2024, the Company issued 551,742 shares of its common stock, of which 225,566 shares were issued as a result of stock options exercised and 326,176 shares were issued upon vesting of restricted stock units.

During the three months ended March 31, 2023, the Company issued 109,620 shares of its common stock upon vesting and settlement of net stock-settled SARs. The Company withheld 83,501 of such shares of its common stock for the net settlement payment of exercise price and taxes related to such SARs, which were accounted for as a share retirement.

Additionally, during the three months ended March 31, 2023, the Company issued 3,659,267 shares of its common stock as a result of stock options exercised.

#### **NOTE 10 - RELATED PARTY TRANSACTIONS**

In August 2023, the Company entered into an agreement with Pacvue Corporation, an e-commerce advertising and software company, in which certain investment funds affiliated with Advent International L.P., the holder of a majority of the Company's common stock (collectively the "Advent Funds"), hold a greater than 10% equity interest. During the three months ended March 31, 2024, the Company paid Pacvue Corporation \$172. No payments were made to Pacvue Corporation for the three months ended March 31, 2023.

##### *Tax Receivable Agreement*

In connection with the Reorganization Transactions, the Company entered into the Tax Receivable Agreement with the Pre-IPO Stockholders. See further discussion in "Note 2 – Summary of Significant Accounting Policies – Tax Receivable Agreement".



## NOTE 11 - CONTINGENCIES

From time to time, the Company is subject to various legal actions arising in the ordinary course of business. The Company cannot predict with reasonable assurance the outcome of these legal actions brought against the Company as they are subject to uncertainties. Accordingly, any settlement or resolution in these legal actions may occur and affect the Company's net income in such period as the settlement or resolution.

### Pending Legal Proceedings:

On November 17, 2022, a putative securities class action was filed against the Company and certain of its current and former officers and directors in the United States District Court for the Central District of California, captioned *Lilien v. Olaplex Holdings, Inc. et al.*, No. 2:22-cv-08395. A consolidated complaint was filed on April 28, 2023, which names as additional defendants the underwriters for the Company's IPO and various stockholders that sold shares of common stock of the Company in the IPO. The action is brought on behalf of a putative class of purchasers of the Company's common stock in or traceable to the Company's IPO and asserts claims under Sections 11, 12, and 15 of the Securities Act of 1933. The action seeks certification of the putative class, compensatory damages, attorneys' fees and costs, and any other relief that the court determines is appropriate. The defendants moved to dismiss the consolidated complaint on July 19, 2023. The court held a hearing on the defendants' motions to dismiss on October 16, 2023, and a decision has yet to be issued. The underwriter defendants have notified the Company of their intent to seek indemnification from the Company pursuant to the IPO underwriting agreement regarding the claims asserted in this action. The Company intends to vigorously defend the pending lawsuit.

On November 15, 2023, a purported derivative action was filed against the Company, Advent International Corporation, and certain of the Company's current and former officers and directors in the United States District Court for the Central District of California, captioned *Ciuffo v. Dagousset, et al.*, No. 2:23-cv-09712-SVW-SK. This action is premised on allegations similar to those asserted in the *Lilien* federal securities litigation. On February 1, 2024, the parties filed a joint stipulation to stay the purported derivative action pending a decision on the motions to dismiss filed in the *Lilien* federal securities action.

On March 22, 2024, a second purported derivative action was filed against the Company, Advent International Corporation, and certain of the Company's current and former officers and directors in the United States District Court for the Central District of California, captioned *Hutchinson v. Advent International Corporation, et al.*, No. 2:24-cv-02364. This action is premised on allegations similar to those asserted in the *Lilien* federal securities litigation and in the *Ciuffo* federal derivative action. On April 19, 2024, the parties in both purported derivative actions filed a joint stipulation to consolidate the two derivative actions and to stay proceedings in the consolidated case.

On February 9, 2023, twenty-eight plaintiffs filed *Albahae, et al. v. Olaplex Holdings, Inc., et al.*, No. 2:23-cv-00982, a complaint alleging personal and economic injury and asserting claims for breach of warranty, negligence/gross negligence, products liability, unjust enrichment, and violations of California False Advertising Law and Unfair Competition Law, against the Company and Cosway Company, Inc., the Company's primary contract manufacturer, in the United States District Court for the Central District of California. On March 2, 2023, the plaintiffs amended the complaint to include seventy-three additional plaintiffs. The plaintiffs allege that certain ingredients used in some Company products have purportedly caused irritation or posed a hazard to consumers, and that the Company engaged in misrepresentation with respect to those products. The plaintiffs seek actual and consequential damages, punitive damages, restitution in the form of disgorgement of profits, attorneys' fees and costs, and any other relief that the court determines is appropriate. On April 17, 2023, the Company moved to dismiss and to sever the plaintiffs' claims. On July 11, 2023, the Court granted the Company's motion to sever and dismissed all but the first named plaintiff. The Court also dismissed the operative complaint with leave to re-file on the grounds that it now contained allegations that were not relevant to the claims of the one, remaining plaintiff. On July 24, 2023, the remaining plaintiff filed a notice, voluntarily dismissing her claims without prejudice. As of the date of issuance of these condensed consolidated financial statements, none of the plaintiffs have re-filed their claims.

Any potential loss associated with these pending legal proceedings is not probable or reasonably estimable at this time.

As of March 31, 2024 and December 31, 2023, the Company was not subject to any other currently pending legal matters or claims that could have a material adverse effect on its financial position, results of operations, or cash flows should such litigation be resolved unfavorably.

**NOTE 12 – NET INCOME PER SHARE**

The following is a reconciliation of the numerator and denominator in the basic and diluted net income per common share computations:

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2024  | March 31,<br>2023 |
| <b>Numerator:</b>   |                    |                   |
| Net income  | \$ 7,746           | \$ 20,964         |
| <b>Denominator:</b>   |                    |                   |
| Weighted average common shares outstanding – basic              | 660,821,930        | 651,730,993       |
| Dilutive common equivalent shares from common stock equivalents | 2,743,361          | 31,754,189        |
| Weighted average common shares outstanding – diluted            | 663,565,291        | 683,485,182       |
| <b>Net income per share:</b>                                    |                    |                   |
| Basic   | \$ 0.01            | \$ 0.03           |
| Diluted   | \$ 0.01            | \$ 0.03           |

Options to purchase 8,455,797 and 1,430,590 shares of the Company's common stock for the three months ended March 31, 2024 and March 31, 2023, respectively, were not included in the computation of diluted net income per share because the exercise prices of these options were greater than the average market price per share of the Company's common stock for the applicable period, and therefore would have been anti-dilutive.

## ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited interim Condensed Consolidated Financial Statements and related notes included elsewhere in this Quarterly Report and with our audited Consolidated Financial Statements included in the 2023 Form 10-K.*

*Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from management's expectations as a result of various factors. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and those discussed in the section "Special Note Regarding Forward-Looking Statements" in this Quarterly Report and in "Item 1A. – Risk Factors" in the 2023 Form 10-K.*

### **Company Overview**

OLAPLEX is an innovative, science-enabled, technology-driven beauty company. Since our inception in 2014, we have focused on delivering effective, patent-protected and proven performance in the prestige hair care category.

OLAPLEX disrupted and revolutionized the prestige hair care category by creating the bond-building space in 2014. We have grown from an initial assortment of three products sold exclusively through the professional channel to a broader suite of products offered through the professional, specialty retail and Direct to Consumer ("DTC") channels that have been strategically developed to address three key uses: treatment, maintenance and protection. Our patent-protected bond-building technology relinks disulfide bonds in human hair that are destroyed via chemical, thermal, mechanical, environmental and aging processes. Our current product portfolio is comprised of nineteen unique and complementary products.

The strength of our business model and ability to scale have created a compelling financial profile. We have developed a synergistic omnichannel model that leverages the strength of each of our channels and our strong digital capabilities that we apply across our sales platforms. Our professional channel serves as the foundation for our brand. Through this channel, professional hairstylists introduce consumers to our products and, we believe, influence consumer purchasing decisions. Our specialty retail channel works to increase awareness of, and education for, our products and expand consumer penetration. Our DTC channel, comprised of Olaplex.com and sales through third-party e-commerce platforms, also provides us with the opportunity to engage directly with our consumers to provide powerful feedback that drives decisions we make around new product development.

### **Strategic Pillars**

We are focused on executing against our key strategic pillars that we believe will support our long-term growth. These include igniting our global brand, disrupting with innovation, amplifying channel coverage and charting new geographies. These key strategic pillars are supported by our efforts to build capabilities and infrastructure that we believe will enable our aspirations.

#### ***Igniting our Global Brand***

We believe we have built one of the most powerful brands in the prestige hair care category. We plan to continue growing awareness of our global brand, in an effort to deepen connections with existing customers as well as reach new audiences. We will also continue to invest in enhancing our brand equity. Our marketing model remains focused on implementing high return on investment, performance marketing activities aimed at fueling growth. Key levers of our marketing include organic social media activations, strategic paid media, education and training regarding our brand, community engagement with our professional hairstylists, influencer partnerships, and retailer activations such as sampling and in-store events.

#### ***Disrupting with Innovation***

We believe we have a strong pipeline of disruptive innovation that leverages our science-based technology and patented Bis-amino ingredient. We plan to launch two-to-four products annually over the next three years. To support this pipeline, we intend to continue to invest in research and development to strengthen our internal innovation capabilities. We recently entered into hair care adjacent categories and remain excited about the opportunity to further grow where our technology can serve as a foundation for entry that we believe is supported by consumer trust in our brand.

#### ***Amplifying Channel Coverage***

In our professional channel, we have undertaken efforts to support and reassert strong relationships with the professional hairstylist community and maintain brand awareness by increasing our field support efforts, deepening partnerships with distributors and customers, and refreshing educational content. We are also pursuing opportunities to further penetrate premium and prestige salons. In specialty retail, we are enhancing visual merchandising in stores, investing in brand store pages online and deploying targeted communications intended to enable new customer acquisition. For our DTC business, we are evolving the digital experiences on Olaplex.com and third party e-commerce websites. On Olaplex.com, we expect to continue to invest in site enhancements and more advanced personalization efforts.

#### ***Charting New Geographies***

We believe there is substantial opportunity to grow globally. Our priority international regions are currently key markets in Europe and Asia. Across Europe and other regions, we aim to implement our business model by first establishing a strong professional channel and then complementing that channel through entry into specialty retail and DTC. In Asia, we intend to partner with distributors in the region that will support omni-channel distribution and sales for our brand.

#### ***Supporting our Strategic Pillars***

To enable these key growth pillars, we intend to continue to build our capabilities and infrastructure. These efforts extend across our organization, including focusing on cultivating top talent and building a strong corporate culture, evolving our operational capabilities as we scale, creating a strong financial foundation for growth, and ensuring that we have financial structure, technology and data to support our growth.

#### **Business Environment & Trends**

We continue to monitor the effects of the global macro-economic environment, including the risk of recession, inflationary pressures, competitive products and discounting, currency volatility, high interest rates, social and political issues, geopolitical tensions and regulatory matters. We also are mindful of inflationary pressures on our consumers, and are monitoring the impact that increasing inflationary pressures may have on consumer spending and preferences and inventory rebalancing at our customers in an increasingly competitive industry.

Competition in the beauty industry is based on a variety of factors, including innovation, product efficacy, accessible pricing, brand recognition and loyalty, service to the consumer, promotional activities, advertising, special events, new product introductions, e-commerce initiatives, sustainability and other activities. We have seen increased competitive activity including discounting in the prestige hair care category, which may continue in a heightened inflationary environment. We believe we have a well-recognized and strong reputation in our core markets and that the quality and performance of our products, our emphasis on innovation, and our engagement with our professional and consumer communities position us to compete effectively.

#### ***First Quarter 2024 Financial Summary***

- Net sales decreased 13.1% from \$113.8 million in the three months ended March 31, 2023 to \$98.9 million in the three months ended March 31, 2024. For the three months ended March 31, 2024, net sales in our professional channel decreased 19.9%, our specialty retail channel decreased 1.2% and our DTC channel decreased 15.7%, in each case as compared to the three months ended March 31, 2023.
- Gross profit margin increased from 71.0% in the three months ended March 31, 2023 to 72.1% in the three months ended March 31, 2024, primarily as a result of decreases in warehouse and distribution costs and a lower reserve for product obsolescence, partially offset by increased promotional allowance and higher input costs for raw materials.
- Operating expenses for the three months ended March 31, 2024 increased by 14.3%, as compared to the three months ended March 31, 2023, primarily as a result of higher payroll due to workforce expansion, higher employee benefit costs, higher distribution and fulfillment costs and increased investments in sales and marketing incurred in the three months ended March 31, 2024.
- Operating income decreased from \$35.6 million for the three months ended March 31, 2023 to \$19.6 million for the three months ended March 31, 2024.
- Net income decreased from \$21.0 million for the three months ended March 31, 2023 to \$7.7 million for the three months ended March 31, 2024.

## Results of operations

### Comparison of the Three Months Ended March 31, 2024 to the Three Months Ended March 31, 2023

The following table sets forth our Condensed Consolidated Statements of Operations and Comprehensive Income data for each of the periods presented:

|  | Three Months Ended March 31, |                |                |                |
|--|------------------------------|----------------|----------------|----------------|
|  | 2024                         |                | 2023           |                |
|  | (in thousands)               | % of Net sales | (in thousands) | % of Net sales |
| Net sales                                | \$ 98,906                    | 100.0 %        | \$ 113,787     | 100.0 %        |
| Cost of sales:                           |                              |                |                |                |
| Cost of product (excluding amortization) | 25,376                       | 25.7           | 31,235         | 27.5           |
| Amortization of patented formulations    | 2,187                        | 2.2            | 1,742          | 1.5            |
| Total cost of sales                      | 27,563                       | 27.9           | 32,977         | 29.0           |
| Gross profit                             | 71,343                       | 72.1           | 80,810         | 71.0           |
| Operating expenses:                      |                              |                |                |                |
| Selling, general, and administrative     | 40,437                       | 40.9           | 34,924         | 30.7           |
| Amortization of other intangible assets  | 11,289                       | 11.4           | 10,323         | 9.1            |
| Total operating expenses                 | 51,726                       | 52.3           | 45,247         | 39.8           |
| Operating income                         | 19,617                       | 19.8           | 35,563         | 31.3           |
| Interest expense                         | (14,504)                     | (14.7)         | (13,918)       | (12.2)         |
| Interest income                          | 6,203                        | 6.3            | 3,375          | 3.0            |
| Other (expense) income, net              | (947)                        | (1.0)          | 242            | 0.2            |
| Income before provision for income taxes | 10,369                       | 10.5           | 25,262         | 22.2           |
| Income tax provision                     | 2,623                        | 2.7            | 4,298          | 3.8            |
| Net income                               | \$ 7,746                     | 7.8            | \$ 20,964      | 18.4           |

### Net Sales

We distribute products in the U.S. and internationally through professional distributors in salons, directly to retailers for sale in their physical stores and e-commerce sites, and DTC through sales to third party e-commerce customers and through our Olaplex.com websites. As such, our three business channels consist of professional, specialty retail and DTC as follows:

| (in thousands)               | For the Three Months Ended March 31, |            | \$ Change   | % Change |
|------------------------------|--------------------------------------|------------|-------------|----------|
|                              | 2024                                 | 2023       |             |          |
| <b>Net sales by Channel:</b> |                                      |            |             |          |
| Professional                 | \$ 38,746                            | \$ 48,397  | \$ (9,651)  | (19.9)%  |
| Specialty retail             | 34,432                               | 34,859     | (427)       | (1.2)%   |
| DTC                          | 25,728                               | 30,531     | (4,803)     | (15.7)%  |
| Total Net sales              | \$ 98,906                            | \$ 113,787 | \$ (14,881) | (13.1)%  |

Total net sales declined 13.1% in the three months ended March 31, 2024 compared to the same period in 2023, primarily attributed to a lower level of demand. This decline was partially offset by our launch of Browbond® Building Serum and prior year launches of No. 5P Blonde Enhancer™ Toning Conditioner, Olaplex® Volumizing Blow Dry Mist, Jumbo No. 4P Blonde Enhancer™ Toning Shampoo and Jumbo No. 5P Blonde Enhancer™ Toning Conditioner, as well as the impact of new customers within each channel. Net sales declined primarily in Italy and the United Kingdom, partially offset by increases in the United States, Asia Pacific and in Latin America.

*Cost of Sales and Gross Profit*

| <b>(in thousands)</b> | <b>For the Three Months Ended March 31,</b> |             | <b>\$ Change</b> | <b>% Change</b> |
|-----------------------|---|-------------|------------------|-----------------|
|                       | <b>2024</b>                                 | <b>2023</b> |                  |                 |
| Cost of sales         | \$ 27,563                                   | \$ 32,977   | \$ (5,414)       | (16.4)%         |
| Gross profit          | \$ 71,343                                   | \$ 80,810   | \$ (9,467)       | (11.7)%         |

Our cost of sales decreased primarily due to declining product sales and a decrease in warehouse and distribution costs in the three months ended March 31, 2024. The Company recorded \$0.9 million in inventory obsolescence reserve during the three months ended March 31, 2024 as compared to \$2.6 million recorded during the three months ended March 31, 2023. The cost of sales decline was partially offset by higher input costs for raw materials in the three months ended March 31, 2024.

As a result of the activity described above, our gross profit margin increased from 71.0% in the three months ended March 31, 2023 to 72.1% in the three months ended March 31, 2024.

*Operating Expenses*

| <b>(in thousands)</b>                         | <b>For the Three Months Ended March 31,</b> |             | <b>\$ Change</b> | <b>% Change</b> |
|---|---|-------------|------------------|-----------------|
|   | <b>2024</b>                                 | <b>2023</b> |                  |                 |
| Selling, general, and administrative expenses | \$ 40,437                                   | \$ 34,924   | \$ 5,513         | 15.8 %          |
| Amortization of other intangible assets       | 11,289                                      | 10,323      | 966              | 9.4 %           |
| Total operating expenses                      | \$ 51,726                                   | \$ 45,247   | \$ 6,479         | 14.3 %          |

The increase in selling, general and administrative expenses was primarily driven by an increase of \$2.1 million in payroll expenses driven by workforce expansion, \$1.2 million of employee benefit costs, \$1.2 million in distribution and fulfillment costs and \$1.0 million in investments in non-employee marketing and advertising expenses during the three months ended March 31, 2024.

*Interest Expense, Net*

| (in thousands)        | For the Three Months Ended March 31, |             | \$ Change | % Change |
|-----------------------|--------------------------------------|-------------|-----------|----------|
|                       | 2024                                 | 2023        |           |          |
| Interest expense      | \$ (14,504)                          | \$ (13,918) | \$ (586)  | 4.2 %    |
| Interest income       | 6,203                                | 3,375       | 2,828     | 83.8 %   |
| Interest expense, net | \$ (8,301)                           | \$ (10,543) | \$ 2,242  | (21.3)%  |

Interest expense for the three months ended March 31, 2024 increased as compared to the previous year due to an increase in interest rates, which was partially offset by benefits from the interest rate cap. See "Liquidity and Capital Resources Requirements – 2022 Credit Facility" for additional information on our outstanding debt.

Interest income for the three months ended March 31, 2024 increased as compared to the previous year due to increasing interest rates and additional investments in highly liquid investments with a maturity of three months or less.

*Other (Expense) Income, Net*

| (in thousands)              | For the Three Months Ended March 31, |        | \$ Change  | % Change |
|-----------------------------|--------------------------------------|--------|------------|----------|
|                             | 2024                                 | 2023   |            |          |
| Other (expense) income, net | \$ (947)                             | \$ 242 | \$ (1,189) | (491.3)% |

Other (expense) income, net decreased primarily due to foreign currency transaction losses driven by the performance of the U.S. dollar.

*Income Tax Provision*

| (in thousands)       | For the Three Months Ended March 31, |          | \$ Change  | % Change |
|----------------------|--------------------------------------|----------|------------|----------|
|                      | 2024                                 | 2023     |            |          |
| Income tax provision | \$ 2,623                             | \$ 4,298 | \$ (1,675) | (39.0)%  |

Our effective tax rate increased to 25.3% for the three months ended March 31, 2024, as compared to 17.0% for the three months ended March 31, 2023, primarily due to the impact in the quarter of the discrete tax expense for interest associated with income taxes and a shortfall associated with the vesting of the restricted stock units. Our effective tax rate for the three months ended March 31, 2024 is higher than the statutory rate of 21% primarily due to a discrete tax expense for interest associated with income taxes, the effect of state income taxes and a discrete tax expense from restricted stock units vested during that period, partially offset by the foreign derived intangible income deduction ("FDII"), which results in income from the Company's sales to foreign customers being taxed at a lower effective tax rate. Our effective tax rate in the three months ended March 31, 2023 was lower than the statutory tax rate of 21% primarily due to a discrete tax benefit from stock option exercises during that period.

## **Financial Condition, Liquidity and Capital Resources**

### ***Overview***

Our primary recurring source of cash is the collection of proceeds from the sale of our products to our customers, including cash periodically collected in advance of delivery or performance.

Our primary use of cash is for working capital and payment of our operating costs, which consist primarily of employee-related expenses as well as general operating expenses for marketing, fulfillment costs of customer orders, overhead costs, innovation, capital expenditures and debt servicing. We also utilize cash for strategic investments. Fluctuations in working capital are primarily caused by customer demand of our product, timing of when a retailer rearranges or restocks our products, timing of inventory purchases, and timing of our payables and expenses. Capital expenditures typically vary and are currently limited, and future capital expenditure requirements depend on strategic initiatives selected for the fiscal year, including investments in infrastructure, expansion into new national and international distributors and expansion of our customer base.

A considerable portion of our operating income is related to sales to customers outside of the U.S.; however, the majority of our bank deposits are held within the U.S.

As of March 31, 2024, we had \$507.5 million of cash and cash equivalents. In addition, as of March 31, 2024, we had borrowing capacity of \$150.0 million under the 2022 Revolver, plus \$72.3 million of working capital excluding cash and cash equivalents for a combined liquidity position of \$729.8 million.



## Cash Flows

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

| (in thousands)                             | For the Three Months Ended March 31, |           |
|--|--------------------------------------|-----------|
|  | 2024                                 | 2023      |
| Net cash provided by (used in):            |                                      |           |
| Operating activities                       | \$ 43,707                            | \$ 48,089 |
| Investing activities                       | (1,084)                              | (631)     |
| Financing activities                       | (1,517)                              | (926)     |
| Net increase in cash and cash equivalents: | \$ 41,106                            | \$ 46,532 |

### Operating Activities

The changes in net cash provided by operating activities during the three months ended March 31, 2024 compared to the same period in 2023 was primarily a result of a decrease in net income of \$13.2 million, partially offset by changes in working capital and adjusting items to Operating Cash Flows to reconcile to Net income from operations.

### Investing Activities

Our investing activities included purchases of software, property and equipment during the three months ended March 31, 2024 and March 31, 2023.

### Financing Activities

Our financing activities for the three months ended March 31, 2024 primarily consisted of cash outflows for payments on our long-term debt and debt issuance costs, partially offset by cash received by the Company from stock option exercises. For the three months ended March 31, 2023, our financing activities primarily consisted of cash outflows for payments on our long-term debt and debt issuance costs, payments related to shares withheld and retired to cover the tax withholding obligations and exercise price for SARs, partially offset by cash received by the Company from stock option exercises.

### Liquidity and Capital Resources Requirements

Based on past performance and current expectations, we believe that our cash, cash equivalents and cash generated from operations will be sufficient to meet anticipated operating costs, required payments of principal and interest, working capital needs, ordinary course capital expenditures, and other commitments for at least the next 12 months.

If necessary, we may borrow funds under our 2022 Revolver to finance our liquidity requirements, subject to customary borrowing conditions. To the extent additional funds are necessary to meet our long-term liquidity needs as we continue to execute our business strategy, we anticipate that they will be obtained through the incurrence of additional indebtedness, equity financings or a combination of these potential sources of funds; however, such financing may not be available on favorable terms, or at all. Our ability to meet our operating, investing and financing needs depends, to a significant extent, on our future financial performance, which will be subject in part to general economic, competitive, financial, regulatory and other factors that are beyond our control, including those described in "Item 1A. - Risk Factors" in our 2023 Form 10-K. In addition to these general economic and industry factors, the principal factors in determining whether our cash flows will be sufficient to meet our liquidity requirements will be our ability to continue providing innovative products to our customers and consumers and manage production and our supply chain.

### 2022 Credit Facility

As of March 31, 2024, we had outstanding indebtedness under the 2022 Credit Agreement of \$661.5 million, of which \$6.8 million was classified as current. As of March 31, 2024, we had \$150.0 million of available borrowing capacity under the 2022 Revolver.

The interest rate on outstanding amounts under the 2022 Term Loan Facility was 8.9% per annum as of March 31, 2024. We have not drawn on the 2022 Revolver as of March 31, 2024. The 2022 Term Loan Facility is repayable in mandatory quarterly installments equal to \$1.6 million, with the balance payable at maturity. The maturity date of the 2022 Term Loan Facility is February 23, 2029, and the maturity date of the 2022 Revolver is February 23, 2027.

The 2022 Credit Agreement contains a number of covenants that, among other things, restrict the Company's ability to (subject to certain exceptions) pay dividends and distributions or repurchase its capital stock, incur additional indebtedness, create liens on assets, engage in mergers or consolidations and sell or otherwise dispose of assets. The 2022 Credit

Agreement also includes reporting, financial and maintenance covenants, including a springing first lien leverage ratio financial covenant. The Company was in compliance with these affirmative and negative covenants on March 31, 2024 and December 31, 2023. Substantially all the assets of the Company constitute collateral under the 2022 Credit Agreement.

On August 11, 2022, we entered into an interest rate cap transaction in connection with the 2022 Term Loan Facility, with a notional amount of \$400.0 million, in order to limit its exposure to potential increases in future interest rates related to the 2022 Term Loan Facility. We have designated the interest rate cap as a cash-flow hedge for accounting purposes.

See “Note 8 Long-Term Debt” in the Notes to the Condensed Consolidated Financial Statements included in Item 1. Financial Statements of this Quarterly Report for additional information.

#### ***Tax Receivable Agreement Obligations***

In connection with the Reorganization Transactions, we entered into the Tax Receivable Agreement under which we will be required to pay to the Pre-IPO Stockholders 85% of the federal, state or local tax cash savings that we actually realize on our taxable income following the IPO, as a result of the amortization of intangible assets and capitalized transaction costs that existed as of the transaction date. Under the Tax Receivable Agreement, generally we will retain the benefit of the remaining 15% of the applicable tax savings.

The Tax Receivable Agreement liability is calculated based on current tax laws and the assumption that we and our subsidiaries will earn sufficient taxable income to realize the full tax benefits subject to the Tax Receivable Agreement. Updates to our blended state tax rate, allocation of U.S. versus foreign sourced income and changes in tax rules on the amortization and depreciation of assets may significantly impact the established liability and changes would be recorded to other (expense) income in the period we made the determination. We expect that future payments under the Tax Receivable Agreement relating to the Pre-IPO Tax Assets could aggregate to \$198.2 million over the 11-year remaining period under the Tax Receivable Agreement. Payments under the Tax Receivable Agreement, which began in the year ended December 31, 2022, are not conditioned upon the parties’ continued ownership of equity in the Company.

#### ***Contractual Obligations and Commitments***

There were no material changes to our contractual obligations since the filing of our 2023 Form 10-K.

#### **Critical Accounting Policies and Estimates**

Our unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that we believe to be reasonable. Actual results may differ from those estimates. We review these estimates on a periodic basis to ensure reasonableness. Although actual amounts may differ from such estimated amounts, we believe such differences are not likely to be material. For additional detail regarding our critical accounting policies including revenue recognition, inventory, and the Tax Receivable Agreement, see our discussion for the year ended December 31, 2023 in the 2023 Form 10-K. There have been no material changes to these policies in the three months ended March 31, 2024.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks arising from transactions in the normal course of our business. This includes risk associated with interest rates, our interest rate cap, inflation and foreign exchange.

#### *Interest Rate Risk*

Our results are subject to risk from interest rate fluctuations on borrowings under the 2022 Credit Agreement. Our borrowings bear interest at a variable rate; therefore, we are exposed to market risks relating to changes in interest rates. Interest rate changes generally affect the amount of our interest payments and, therefore, our future earnings and cash flows. As of March 31, 2024, we had \$661.5 million of outstanding variable rate loans under the 2022 Term Loan Facility. Based on our March 31, 2024 variable rate loan balances, an increase or decrease of 1% in the effective interest rate would cause an increase or decrease in interest cost of approximately \$6.6 million over the next 12 months.

#### *Interest Rate Cap*

On August 11, 2022, we entered into an interest rate cap transaction (the “interest rate cap”) in connection with the 2022 Term Loan Facility, as more fully described in “Note 8 - Long-Term Debt” in the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1. Financial Statements of this Quarterly Report. We use the interest rate cap to add stability to interest expense and to manage our exposure to interest rate movements. The fair value of the interest rate cap is measured at the end of each reporting period using observable inputs other than quoted prices. The fair value of the interest rate cap recorded in other current assets at March 31, 2024 was \$1.7 million. A hypothetical 50 basis point increase in interest rates would result in an increase to the fair value of the interest rate cap of approximately \$0.2 million. A hypothetical 50 basis point decrease in interest rates would result in a decrease to the fair value of the interest rate cap of approximately \$0.2 million.

#### *Inflation*

Inflationary factors such as increases in the cost to produce our products and overhead costs have adversely affected, and may continue to adversely affect, our operating results. Sustained increases in warehousing costs, transportation costs, wages and raw material costs, or other inflationary pressures in the future, may have an adverse effect on our ability to maintain current levels of gross profit margin if the selling prices of our products do not increase with these increased costs, or if we cannot identify other cost efficiencies.

#### *Foreign Exchange Risk*

Our reporting currency, including our U.K. foreign subsidiary, Olaplex UK Limited, is the U.S. dollar. Gains or losses due to transactions in foreign currencies are reflected in the Condensed Consolidated Statements of Operations and Comprehensive Income under the line-item Other (expense) income, net. We have not engaged in the hedging of foreign currency transactions to date, although we may choose to do so in the future. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our condensed consolidated financial statements.

#### **ITEM 4. CONTROLS AND PROCEDURES**

##### ***Evaluation of Disclosure Controls and Procedures***

Our 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”)) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and to ensure that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. In designing and evaluating the 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

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 31, 2024.

##### ***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We have, and may in the future, from time to time, become involved in litigation or other legal proceedings incidental to our business, including litigation related to intellectual property, regulatory matters, contract, advertising and other consumer claims. In addition, we believe that protecting our intellectual property is essential to our business and we have in the past, and may in the future, become involved in proceedings to enforce our rights. Regardless of outcome, litigation (including the litigation referenced below) can have an adverse impact on our reputation, financial condition and business, including by utilizing our resources and potentially diverting the attention of our management from the operation of our business.

For detail on certain legal proceedings, see “Note 11 - Contingencies - Pending Legal Proceedings” included in the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1. Financial Statements of this Quarterly Report.

### **ITEM 1A. RISK FACTORS**

An investment in our common stock involves risks. For a detailed discussion of the risks that affect our business please refer to “Item 1A. – Risk Factors” in the 2023 Form 10-K.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

### **ITEM 5. OTHER INFORMATION**

- (c) During the three months ended March 31, 2024, no director or “officer” (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

**ITEM 6. EXHIBITS**

| <b>Exhibit Number</b>                    | <b>Description</b>   |
|--|--|
| <a href="#"><u>3.1</u></a>               | <a href="#"><u>Restated Certificate of Incorporation of Olaplex Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed on November 10, 2021 (File No. 001-40860)).</u></a> |
| <a href="#"><u>3.2</u></a>               | <a href="#"><u>Second Amended and Restated Bylaws of Olaplex Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on January 20, 2023 (File No. 001-40860)).</u></a>        |
| <a href="#"><u>31.1</u></a>              | <a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>     |
| <a href="#"><u>31.2</u></a>              | <a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>     |
| <a href="#"><u>32.1</u></a> <sup>†</sup> | <a href="#"><u>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.</u></a>  |
| <a href="#"><u>32.2</u></a> <sup>†</sup> | <a href="#"><u>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.</u></a>  |
| 101.INS                                  | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.   |
| 101.SCH                                  | Inline XBRL Taxonomy Extension Schema Document   |
| 101.CAL                                  | Inline XBRL Taxonomy Extension Calculation Linkbase Document   |
| 101.DEF                                  | Inline XBRL Taxonomy Extension Definition Linkbase Document  |
| 101.LAB                                  | Inline XBRL Taxonomy Extension Label Linkbase Document   |
| 101.PRE                                  | Inline XBRL Taxonomy Extension Presentation Linkbase Document  |
| 104                                      | Cover Page Interactive Data File (embedded within the Inline XBRL document)  |

† This certification will not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will 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 specifically incorporated by reference into such filing.

**SIGNATURES**

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

May 2, 2024

OLAPLEX HOLDINGS, INC.

By: /s/ Amanda Baldwin

Name: Amanda Baldwin

Title: Chief Executive Officer

*(Principal Executive Officer)*

May 2, 2024

By: /s/ Eric Tiziani

Name: Eric Tiziani

Title: Chief Financial Officer

*(Principal Financial Officer)*

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amanda Baldwin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Olaplex Holdings, 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

By:

/s/ Amanda Baldwin

Amanda Baldwin  
Chief Executive Officer  
(Principal Executive Officer)



**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eric Tiziani, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Olaplex Holdings, 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 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 and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

By: \_\_\_\_\_ /s/ Eric Tiziani  
Eric Tiziani  
Chief Financial Officer  
(Principal Financial Officer)

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

I, Amanda Baldwin, Chief Executive Officer of Olaplex Holdings, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

By: \_\_\_\_\_ /s/ Amanda Baldwin  
Amanda Baldwin  
Chief Executive Officer  
(Principal Executive Officer)

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

I, Eric Tiziani, Chief Financial Officer of Olaplex Holdings, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2024

By: /s/ Eric Tiziani  
Eric Tiziani  
Chief Financial Officer  
(Principal Financial Officer)