

---

---

**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 **September 30, 2023**
- 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.)

Address not applicable<sup>1</sup>  
(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 checked="" type="checkbox"/>	Accelerated Filer	<input 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 November 3, 2023, registrant had 654,733,052 shares of common stock, par value \$0.001 per share, outstanding.

---

<sup>1</sup> Olaplex Holdings, Inc. is a fully remote company. Accordingly, it does not maintain a principal executive office.

OLAPLEX HOLDINGS, INC.  
TABLE OF CONTENTS

	<u>Page</u>
<b>Part I.</b>	<b><a href="#">FINANCIAL INFORMATION</a></b>
Item 1.	<a href="#">Financial Statements</a> 5
	<a href="#">Condensed Consolidated Balance Sheets</a> 5
	<a href="#">Condensed Consolidated Statements of Operations and Comprehensive Income</a> 6
	<a href="#">Condensed Consolidated Statements of Changes in Equity</a> 7
	<a href="#">Condensed Consolidated Statements of Cash Flows</a> 8
	<a href="#">Notes to Condensed Consolidated Financial Statements</a> 9
Item 2.	<a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a> 18
Item 3.	<a href="#">Quantitative and Qualitative Disclosures about Market Risk</a> 28
Item 4.	<a href="#">Controls and Procedures</a> 29
<b>Part II.</b>	<b><a href="#">OTHER INFORMATION</a></b>
Item 1.	<a href="#">Legal Proceedings</a> 30
Item 1A.	<a href="#">Risk Factors</a> 30
Item 2.	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a> 30
Item 3.	<a href="#">Defaults Upon Senior Securities</a> 30
Item 4.	<a href="#">Mine Safety Disclosures</a> 30
Item 5.	<a href="#">Other Information</a> 30
Item 6.	<a href="#">Exhibits</a> 31
	<a href="#">Signatures</a> 32

## 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.

- “2020 Credit Agreement” refers to the Credit Agreement, dated as of January 8, 2020, by and among Olaplex, Inc., Penelope Intermediate Corp., MidCap Financial Trust, as administrative agent, collateral agent and swingline lender, and each lender and issuing bank from time to time party thereto, as amended by the First Incremental Amendment to the 2020 Credit Agreement, dated as of December 18, 2020. The 2020 Credit Agreement was refinanced and replaced by the 2022 Credit Agreement.
- “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 refinanced and replaced the 2020 Credit Agreement, and 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, 2022.
- “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 on Form 10-Q (the “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 and operating results; our business plans, strategies and objectives, including sales and marketing investments; general economic and industry trends; our business prospects; our reputation and brand; our product technology; future product development and introduction, including entry into adjacent and other categories; growth and expansion opportunities, including expansion in existing markets and into new markets; our sales channels and omnichannel strategy; legal proceedings; 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 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:

- 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 develop, manufacture and effectively and profitably market and sell future products;
- our ability to accurately forecast customer and consumer demand for our products;
- competition in the beauty industry;
- our ability to effectively maintain and promote a positive brand image and expand our brand awareness;
- our dependence on a limited number of customers for a large portion of our net sales;
- 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 change 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, 2022 (the “2022 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 2022 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)*

	September 30, 2023	December 31, 2022
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 429,586	\$ 322,808
Accounts receivable, net of allowances of \$23,978 and \$19,198	51,876	46,220
Inventory	112,762	144,425
Other current assets	6,418	8,771
Total current assets	600,642	522,224
Property and equipment, net	929	1,034
Intangible assets, net	959,855	995,028
Goodwill	168,300	168,300
Other assets	12,441	11,089
Total assets	\$ 1,742,167	\$ 1,697,675
<b>Liabilities and stockholders' equity</b>		
Current Liabilities:		
Accounts payable	\$ 13,349	\$ 9,748
Sales and income taxes payable, net	2,503	3,415
Accrued expenses and other current liabilities	17,409	17,107
Current portion of long-term debt	6,750	8,438
Current portion of Related Party payable pursuant to Tax Receivable Agreement	16,184	16,380
Total current liabilities	56,195	55,088
Long-term debt	650,350	654,333
Deferred tax liabilities	4,068	1,622
Related Party payable pursuant to Tax Receivable Agreement	189,391	205,675
Other liabilities	1,768	—
Total liabilities	901,772	916,718
Contingencies (Note 10)		
Stockholders' equity (Notes 1 and 8):		
Common stock, \$ 0.001 par value per share; 2,000,000,000 shares authorized, 654,724,366 and 650,091,380 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	654	649
Preferred stock, \$ 0.001 par value per share; 25,000,000 shares authorized and no shares issued and outstanding	—	—
Additional paid-in capital	324,593	312,875
Accumulated other comprehensive income	2,806	2,577
Retained earnings	512,342	464,856
Total stockholders' equity	840,395	780,957
Total liabilities and stockholders' equity	\$ 1,742,167	\$ 1,697,675

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 123,555	\$ 176,454	\$ 346,583	\$ 573,553
Cost of sales:				
Cost of product (excluding amortization)	37,415	45,484	98,431	140,999
Amortization of patented formulations	2,592	1,142	6,298	5,091
Total cost of sales	40,007	46,626	104,729	146,090
Gross profit	83,548	129,828	241,854	427,463
Operating expenses:				
Selling, general, and administrative	36,433	30,807	119,770	79,232
Amortization of other intangible assets	10,378	10,329	31,025	30,890
Total operating expenses	46,811	41,136	150,795	110,122
Operating income	36,737	88,692	91,059	317,341
Interest expense, net	(9,510)	(10,499)	(30,259)	(30,653)
Other expense, net				
Loss on extinguishment of debt	—	—	—	(18,803)
Other expense, net	(970)	(2,251)	(1,328)	(3,852)
Total other expense, net	(970)	(2,251)	(1,328)	(22,655)
Income before provision for income taxes	26,257	75,942	59,472	264,033
Income tax provision	5,891	15,179	11,986	53,594
Net income	\$ 20,366	\$ 60,763	\$ 47,486	\$ 210,439
Net income per share:				
Basic	\$ 0.03	\$ 0.09	\$ 0.07	\$ 0.32
Diluted	\$ 0.03	\$ 0.09	\$ 0.07	\$ 0.30
Weighted average common shares outstanding:				
Basic	654,702,392	649,099,780	653,603,665	648,963,625
Diluted	678,758,020	691,257,654	681,089,543	691,585,787
Other comprehensive (loss) income:				
Unrealized (loss) gain on derivatives, net of income tax effect	\$ (861)	\$ 1,931	\$ 229	\$ 1,931
Total other comprehensive (loss) income:	(861)	1,931	229	1,931
Comprehensive income:	\$ 19,505	\$ 62,694	\$ 47,715	\$ 212,370

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 (Note 1)	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained 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 for taxes 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>
Net income	—	—	—	—	6,156	6,156
Exercise of stock options	754,062	1	797	—	—	798
Share-based compensation expense	—	—	2,634	—	—	2,634
Unrealized gain on derivatives (net of taxes)	—	—	—	1,647	—	1,647
<b>Balance - June 30, 2023</b>	<u>654,530,828</u>	<u>\$ 654</u>	<u>\$ 321,555</u>	<u>\$ 3,667</u>	<u>\$ 491,976</u>	<u>\$ 817,852</u>
Net income	—	—	—	—	20,366	20,366
Exercise of stock options	193,538	—	352	—	—	352
Share-based compensation expense	—	—	2,686	—	—	2,686
Unrealized loss on derivatives (net of taxes)	—	—	—	( 861)	—	( 861)
<b>Balance - September 30, 2023</b>	<u>654,724,366</u>	<u>\$ 654</u>	<u>\$ 324,593</u>	<u>\$ 2,806</u>	<u>\$ 512,342</u>	<u>\$ 840,395</u>

  

	Shares (Note 1)	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity
<b>Balance - December 31, 2021</b>	648,794,041	\$ 648	\$ 302,866	\$ —	\$ 220,784	\$ 524,298
Net income	—	—	—	—	61,961	61,961
Conversion of cash settled units to stock appreciation rights	—	—	1,632	—	—	1,632
Exercise of stock-settled stock appreciation rights	117,180	—	348	—	—	348
Shares withheld and retired for taxes on exercise of stock-settled stock appreciation rights	( 55,244)	—	( 920)	—	—	( 920)
Share-based compensation expense	—	—	1,696	—	—	1,696
<b>Balance - March 31, 2022</b>	<u>648,855,977</u>	<u>\$ 648</u>	<u>\$ 305,622</u>	<u>\$ —</u>	<u>\$ 282,745</u>	<u>\$ 589,015</u>
Net income	—	—	—	—	87,715	87,715
Exercise of stock options	231,846	1	739	—	—	740
Share-based compensation expense	—	—	1,727	—	—	1,727
<b>Balance - June 30, 2022</b>	<u>649,087,823</u>	<u>\$ 649</u>	<u>\$ 308,088</u>	<u>\$ —</u>	<u>\$ 370,460</u>	<u>\$ 679,197</u>
Net income	—	—	—	—	60,763	60,763
Exercise of stock options	25,000	—	74	—	—	74
Share-based compensation expense	—	—	2,031	—	—	2,031
Unrealized gain on derivatives (net of taxes)	—	—	—	1,931	—	1,931
<b>Balance - September 30, 2022</b>	<u>649,112,823</u>	<u>PY \$ 649</u>	<u>PY \$ 310,193</u>	<u>\$ 1,931</u>	<u>\$ 431,223</u>	<u>\$ 743,996</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)*

	Nine Months Ended September 30,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Net income	\$ 47,486	\$ 210,439
Adjustments to reconcile net income to net cash from operations provided by operating activities:		
Amortization of patent formulations	6,298	5,091
Amortization of other intangibles	31,025	30,890
Inventory write-off and disposal	9,801	5,958
Depreciation of fixed assets	344	233
Amortization of debt issuance costs	1,359	2,955
Deferred taxes	2,377	( 4,532 )
Share-based compensation expense	7,338	5,454
Loss on extinguishment of debt	—	18,803
Other operating	795	147
Changes in operating assets and liabilities, net of effects of acquisition (as applicable):		
Accounts receivable, net	( 5,656 )	( 52,507 )
Inventory	23,260	( 57,132 )
Other current assets	2,170	6,344
Accounts payable	3,601	3,959
Accrued expenses and other current liabilities	( 1,311 )	14,283
Other assets and liabilities	( 390 )	( 8,578 )
Net cash provided by operating activities	<u>128,497</u>	<u>181,807</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	( 239 )	( 100 )
Purchase of intangible assets	( 500 )	—
Purchase of software	( 2,163 )	( 1,612 )
Net cash used in investing activities	<u>( 2,902 )</u>	<u>( 1,712 )</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	4,449	814
Payments for shares withheld and retired for taxes and exercise price for stock-settled share appreciation rights	( 64 )	( 572 )
Payment to pre-IPO stockholders pursuant to Tax Receivable Agreement	( 16,452 )	—
Principal payments for 2022 Term Loan Facility, and principal payments and prepayment fees for 2020 Term Loan Facility	( 6,750 )	( 780,382 )
Proceeds from the issuance of 2022 Term Loan Facility	—	675,000
Payments of debt issuance costs	—	( 11,944 )
Net cash used in financing activities	<u>( 18,817 )</u>	<u>( 117,084 )</u>
Net increase in cash and cash equivalents	106,778	63,011
Cash and cash equivalents - beginning of period	322,808	186,388
Cash and cash equivalents - end of period	<u>\$ 429,586</u>	<u>\$ 249,399</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	\$ 9,531	\$ 54,904
Cash paid during the year for interest	\$ 44,421	\$ 21,716
<b>Supplemental disclosure of noncash activities:</b>		
Cash-settled units liability reclassification to additional paid in capital	\$ —	\$ 1,632
Assets acquired under operating lease	\$ 2,128	\$ —

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 its wholly owned subsidiaries, Penelope and Olaplex, Inc., 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 2022 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 and tax receivable payments; 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 3 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, 2022.

### 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

As part of the IPO, 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 and allocation of U.S. versus foreign sourced income may impact the established liability and changes to that established liability would be recorded to other income (expense) 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 \$205.6 million over the 13-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.

### Reclassifications

Certain amounts presented have been reclassified within "Note 6 - Accrued Expenses and Other Current Liabilities" as of December 31, 2022 to conform with the current period presentation, including a prior year reclassification from Other accrued expenses and current liabilities to Accrued advertising and Accrued inventory purchases. The reclassifications had no effect on the Company's Total current liabilities.

### NOTE 3 – NET SALES

The Company distributes products in the U.S. and internationally through professional distributors in the salon channel, 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		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Net sales by Channel:</b>				
Professional	\$ 48,289	\$ 62,991	\$ 137,626	\$ 245,539
Specialty retail	43,159	74,191	107,785	202,692
DTC	32,107	39,272	101,172	125,322
Total net sales	\$ 123,555	\$ 176,454	\$ 346,583	\$ 573,553

Revenue by major geographic region is based upon the geographic location of customers who purchase the Company's products. The majority of net sales are transacted in U.S. Dollars, the Company's functional and reporting currency. During the three and nine months ended September 30, 2023 and September 30, 2022, the Company's net sales to consumers in the United States and International regions were as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Net sales by Geography:</b>				
United States	\$ 61,880	\$ 89,543	\$ 159,641	\$ 330,973
International	61,675	86,911	186,942	242,580
Total net sales	\$ 123,555	\$ 176,454	\$ 346,583	\$ 573,553

United Kingdom ("U.K.") net sales for the three and nine months ended September 30, 2023 were 7% and 8% of total net sales, respectively, and for the three and nine months ended September 30, 2022 were 13% and 10% of total net sales, respectively. No other international country exceeded 10% of total net sales for the three and nine months ended September 30, 2023 and September 30, 2022.

#### NOTE 4 - INVENTORY

Inventory as of September 30, 2023 and December 31, 2022 consisted of the following:

	September 30, 2023	December 31, 2022
Raw materials and packaging components	\$ 35,619	\$ 36,194
Finished goods	77,143	108,231
Inventory	\$ 112,762	\$ 144,425

During the three and nine months ended September 30, 2023, the Company recorded inventory write-offs of \$ 3.6 million and \$9.8 million, respectively, due to reserves for product obsolescence. The Company did not record material write-offs for product obsolescence during the same periods ended September 30, 2022.

#### NOTE 5 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are comprised of the following:

	Estimated Useful Life	September 30, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Brand name	25 years	\$ 952,000	\$ (141,954)	\$ 810,046
Product formulations	15 years	136,500	(33,809)	102,691
Customer relationships	20 years	53,000	(9,879)	43,121
Software	3 years	5,085	(1,088)	3,997
Total finite-lived intangibles		1,146,585	(186,730)	959,855
Goodwill	Indefinite	168,300	—	168,300
Total goodwill and other intangibles		\$ 1,314,885	\$ (186,730)	\$ 1,128,155

	December 31, 2022			
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Brand name	25 years	\$ 952,000	\$ ( 113,394)	\$ 838,606
Product formulations	15 years	136,000	( 26,998)	109,002
Customer relationships	20 years	53,000	( 7,892)	45,108
Software	3 years	2,922	( 610 )	2,312
Total finite-lived intangibles		1,143,922	( 148,894)	995,028
Goodwill	Indefinite	168,300	—	168,300
Total goodwill and other intangibles		\$ 1,312,222	\$ ( 148,894)	\$ 1,163,328

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 and nine months ended September 30, 2023 and 2022 was as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Amortization of patented formulations	\$ 2,592	\$ 1,142	\$ 6,298	\$ 5,091
Amortization expense, brand name and customer relationships	10,179	10,182	30,547	30,547
Amortization expense, software	199	147	478	343
Amortization of other intangible assets	10,378	10,329	31,025	30,890
Amortization of patented formulations capitalized to inventory	\$ ( 315 )	\$ 1,125	\$ 513	\$ 1,709

#### NOTE 6 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses as of September 30, 2023 and December 31, 2022 consisted of the following:

	September 30, 2023	December 31, 2022
Accrued professional fees	\$ 4,242	\$ 3,187
Payroll liabilities	3,598	4,092
Accrued freight	2,707	3,283
Accrued inventory purchases	2,191	1,140
Accrued advertising	2,056	1,356
Deferred revenue	1,235	2,015
Other accrued expenses and current liabilities	1,129	1,220
Accrued interest	251	814
Accrued expenses and other current liabilities	\$ 17,409	\$ 17,107

## NOTE 7 - LONG-TERM DEBT

The Company's Long-Term Debt as of September 30, 2023 and December 31, 2022 consisted of the following:

	<u>September 30, 2023</u>	<u>December 31, 2022</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")	\$ 664,875	\$ 671,625
\$ 150 Million 5-Year Senior Secured Revolving Credit Facility (the "2022 Revolver") <sup>(1)</sup>	—	—
Debt issuance costs	( 7,775)	( 8,854)
Total term loan debt	657,100	662,771
Less: Current portion	( 6,750)	( 8,438)
Long-term debt, net of debt issuance costs and current portion	<u>\$ 650,350</u>	<u>\$ 654,333</u>

<sup>(1)</sup> As of September 30, 2023 and December 31, 2022, the Company did not have outstanding amounts drawn on the 2022 Revolver, including letters of credit and swingline loan sub-facilities. As of September 30, 2023, 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 September 30, 2023. The interest rates for all facilities under the 2022 Credit Agreement are calculated based upon the Company's election among (a) adjusted term SOFR plus an additional interest rate spread, (b) with respect to a borrowing in Euros under the 2022 Revolver, a euro interbank offered rate plus an additional interest rate spread, or (c) an "Alternate Base Rate" (as defined in the 2022 Credit Agreement) plus an additional interest rate spread.

Interest expense, net, inclusive of debt amortization, for the three months ended September 30, 2023 and September 30, 2022 was \$9.5 million and \$10.5 million respectively, and for the nine months ended September 30, 2023 and September 30, 2022 was \$30.3 million and \$30.7 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 September 30, 2023, the carrying amount of the Company's long-term debt under the 2022 Credit Agreement was \$657.1 million, and the fair value of the Company's long-term debt was \$555.2 million. As of December 31, 2022, the carrying amount of the Company's long-term debt under the 2022 Credit Agreement was \$662.8 million, and the fair value of the Company's long-term debt was \$624.6 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 its financial covenants on September 30, 2023 and December 31, 2022. 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 an interest rate cap transaction (the "interest rate cap") in connection with the 2022 Term Loan Facility, with a notional amount of \$400 million. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate applicable to the transaction, in exchange for an up-front premium paid by the Company. The Company has designated the interest rate cap as a cash-flow hedge for accounting purposes.

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, net 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 table below presents the fair value of the Company's derivative financial instruments, which are classified within Other assets on the Company's Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022.

	<b>September 30, 2023</b>		<b>December 31, 2022</b>	
Fair value, interest rate cap asset	\$	4,545	\$	5,042

During the three and nine months ended September 30, 2023, the Company's interest rate cap generated an unrecognized pre-tax loss of \$0.7 million and a gain of \$0.3 million, respectively, recorded in Accumulated other comprehensive income on the Company's Condensed Consolidated Balance Sheets. During the same periods, the Company also recognized a \$ 1.3 million and \$ 2.8 million reduction, respectively, 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 and \$0.8 million, respectively, of interest expense related to amortization of the interest rate cap premium paid by the Company in connection with the interest rate cap.

During each of the three and nine months ended September 30, 2022, the Company's interest rate cap generated an unrecognized pre-tax gain of \$ 2.4 million, recorded in Accumulated other comprehensive income on the Company's Condensed Consolidated Balance Sheets. During the same periods, the Company also recognized \$ 0.1 million of interest expense 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 8 - EQUITY**

During the nine months ended September 30, 2023, the Company issued 109,620 shares of its common stock upon vesting and settlement of net stock-settled SARs. The Company repurchased 83,501 of outstanding shares of its common stock for the net settlement of SARs for payment of taxes related to such SARs, which were accounted for as a share retirement.

Additionally, during the nine months ended September 30, 2023, the Company issued 4,606,867 shares of its common stock as a result of stock options exercised.

On August 2, 2023, the Company adopted the Amended and Restated 2020 Omnibus Equity Incentive Plan, effective September 27, 2021, which amended and restated the Penelope Holdings Corp. 2020 Omnibus Equity Incentive Plan (the "Original Plan") solely to reflect the Reorganization Transactions and the assumption by the Company of the Original Plan.

During the nine months ended September 30, 2022, the Company converted 886,950 cash-settled units into SARs, with a fair value liability of \$1,632 reclassified from Accrued expenses and other current liabilities to Additional paid-in capital. The Company issued 117,180 shares of its common stock upon vesting and settlement of net stock-settled SARs. The Company repurchased 55,244 of outstanding shares of its common stock for the net settlement of SARs for payment of taxes related to such SARs, which were accounted for as a share retirement.

Additionally, during the nine months ended September 30, 2022, the Company issued 256,846 shares of its common stock as a result of stock options exercised.

#### **NOTE 9 - RELATED PARTY TRANSACTIONS**

In July 2020, the Company entered into an agreement with CI&T, an information technology 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 September 30, 2023, the Company did not make any payments to CI&T. During the nine months ended September 30, 2023, the Company paid CI&T \$12. During the three and nine months ended September 30, 2022, the Company paid CI&T \$153 and \$179, respectively. The Company engaged CI&T for services related to the development, maintenance and

enhancement of the Olaplex professional application, as well as other digital marketing services, all of which were negotiated on an arm's length basis and on market terms.

*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". During the three months ended September 30, 2023, the Company did not make a payment to the Pre-IPO Stockholders. During the nine months ended September 30, 2023, the Company made a payment to the Pre-IPO Stockholders of \$16.6 million as required pursuant to the terms of the Tax Receivable Agreement. During the three and nine months ended September 30, 2022, the Company made a payment to the Pre-IPO Stockholders of \$ 4.2 million as required pursuant to the terms of the Tax Receivable Agreement.



## NOTE 10 - 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 issue. 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 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.

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

As of September 30, 2023 and December 31, 2022, 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 11 – 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		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Numerator:</b>				
Net income	\$ 20,366	\$ 60,763	\$ 47,486	\$ 210,439
<b>Denominator:</b>				
Weighted average common shares outstanding – basic	654,702,392	649,099,780	653,603,665	648,963,625
Dilutive common equivalent shares from equity options	24,055,628	42,157,874	27,485,878	42,622,162
Weighted average common shares outstanding – diluted	678,758,020	691,257,654	681,089,543	691,585,787
<b>Net income per share:</b>				
Basic	\$ 0.03	\$ 0.09	\$ 0.07	\$ 0.32
Diluted	\$ 0.03	\$ 0.09	\$ 0.07	\$ 0.30

Options to purchase 4,473,909 and 2,887,141 shares of the Company's common stock for the three and nine months ended September 30, 2023, respectively, and options to purchase 1,275,337 and 1,170,756 shares of the Company's common stock for the three and nine months ended September 30, 2022, 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 2022 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 2022 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 product performance in the prestige hair care category. Our mission is to blaze new paths to well-being that ignite confidence from the inside out.

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 DTC channels that have been 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 comprises eighteen unique, complementary products specifically developed to provide a holistic regimen for hair health.

The strength of our business model and ability to scale have created a compelling financial profile historically characterized by revenue growth and very strong profitability. We have developed a mutually reinforcing, 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.

### **Four Strategic Pillars**

We are focused on executing against four 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 creative campaigns, 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 five years. To support this pipeline, we intend to continue to invest in research and development to strengthen our internal innovation capabilities. We remain excited about the opportunity to enter additional hair care adjacent categories and also other categories where our patents 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 strong relationships with the hairstylist community and maintain brand awareness by increasing our field support efforts, deepening partnerships with distributors and customers, and refreshing educational content. We are pursuing opportunities to further penetrate premium and prestige salons. In specialty retail, we are enhancing visual merchandising in stores 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 the omni-channel distribution and sales for our brand.

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

To enable these four 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, 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 macroeconomic environment, including the risk of recession, inflationary pressures, competitive products and discounting, currency volatility, rising interest rates, higher costs of raw materials, 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 these 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 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.

### ***Overview of Third Quarter 2023 Financial Results***

- Net sales decreased 30.0% from \$176.5 million in the three months ended September 30, 2022 to \$123.6 million in the three months ended September 30, 2023. For the three months ended September 30, 2023, net sales in our professional channel decreased 23.3%, our specialty retail channel decreased 41.8% and our DTC channel decreased 18.2%, in each case as compared to the three months ended September 30, 2022.
- Gross profit margin decreased from 73.6% in the three months ended September 30, 2022 to 67.6% in the three months ended September 30, 2023, primarily as a result of increased promotional allowance, an increased reserve for product obsolescence, and higher input costs for raw materials.
- Operating expenses for the three months ended September 30, 2023 increased by 13.8%, as compared to the three months ended September 30, 2022, primarily as a result of increased investments in sales and marketing, higher payroll due to workforce expansion, and higher employee benefit costs, partially offset by lower distribution and fulfillment costs incurred in the three months ended September 30, 2023.
- Operating income decreased from \$88.7 million for the three months ended September 30, 2022 to \$36.7 million for the three months ended September 30, 2023.
- Net income decreased from \$60.8 million for the three months ended September 30, 2022 to \$20.4 million for the three months ended September 30, 2023.

### Overview of Year to Date 2023 Financial Results

- Net sales decreased 39.6% from \$573.6 million in the nine months ended September 30, 2022 to \$346.6 million in the nine months ended September 30, 2023. For the nine months ended September 30, 2023, net sales in our professional channel decreased 43.9%, our specialty retail channel decreased 46.8%, and our DTC channel decreased 19.3%, in each case as compared to the nine months ended September 30, 2022.
- Gross profit margin decreased from 74.5% in the nine months ended September 30, 2022 to 69.8% in the nine months ended September 30, 2023, primarily as a result of an increased reserve for product obsolescence, increased promotional allowance, and higher input costs for raw materials and warehousing.
- Operating expenses for the nine months ended September 30, 2023 increased by 36.9%, as compared to the nine months ended September 30, 2022, primarily as a result of increased investments in sales and marketing, higher professional fees, legal settlement costs, a one-time former distributor payment, payroll due to workforce expansion, and employee benefit costs, partially offset by lower distribution and fulfillment costs incurred in the nine months ended September 30, 2023.
- Operating income decreased from \$317.3 million for the nine months ended September 30, 2022 to \$91.1 million for the nine months ended September 30, 2023.
- Net income decreased from \$210.4 million for the nine months ended September 30, 2022 to \$47.5 million for the nine months ended September 30, 2023.

### Results of operations

#### Comparison of the Three Months Ended September 30, 2023 to the Three Months Ended September 30, 2022

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

	Three Months Ended September 30,			
	2023		2022	
	(in thousands)	% of Net sales	(in thousands)	% of Net sales
Net sales	\$ 123,555	100.0 %	\$ 176,454	100.0 %
Cost of sales:				
Cost of product (excluding amortization)	37,415	30.3	45,484	25.8
Amortization of patented formulations	2,592	2.1	1,142	0.6
Total cost of sales	40,007	32.4	46,626	26.4
Gross profit	83,548	67.6	129,828	73.6
Operating expenses:				
Selling, general, and administrative	36,433	29.5	30,807	17.5
Amortization of other intangible assets	10,378	8.4	10,329	5.9
Total operating expenses	46,811	37.9	41,136	23.3
Operating income	36,737	29.7	88,692	50.3
Interest expense, net	(9,510)	(7.7)	(10,499)	(5.9)
Other expense, net	(970)	(0.8)	(2,251)	(1.3)
Income before provision for income taxes	26,257	21.3	75,942	43.0
Income tax provision	5,891	4.8	15,179	8.6
Net income	\$ 20,366	16.5	\$ 60,763	34.4

#### Net Sales

We distribute products in the U.S. and internationally through professional distributors in the salon channel, 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 September 30,		\$ Change	% Change
	2023	2022		
<b>Net sales by Channel:</b>				
Professional	\$ 48,289	\$ 62,991	\$ (14,702)	(23.3)%
Specialty retail	43,159	74,191	(31,032)	(41.8)%
DTC	32,107	39,272	(7,165)	(18.2)%
Total Net sales	\$ 123,555	\$ 176,454	\$ (52,899)	(30.0)%

Total net sales declined 30.0% in the three months ended September 30, 2023 compared to the same period in 2022, primarily attributed to a lower level of demand. These impacts were partially offset by our launches of No. 5P Blonde Enhancer™ Toning Conditioner, Olaplex® Volumizing Blow Dry Mist, LASHBOND® Serum, which is our first hair care adjacent product, and No. 4D Clean Volume Detox Dry Shampoo, as well as the impact of new customers within each channel. Net sales declined primarily in the United States, Canada, the United Kingdom and Australia, partially offset by increases in South East Asia, the Middle East and Latin America.

*Cost of Sales and Gross Profit*

(in thousands)	For the Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
Cost of sales	\$ 40,007	\$ 46,626	\$ (6,619)	(14.2)%
Gross profit	\$ 83,548	\$ 129,828	\$ (46,280)	(35.6)%

Our cost of sales decreased primarily due to declining product sales in the three months ended September 30, 2023. The Company also recorded write-off and disposal expenses of \$1.6 million for the same period in 2022 as a result of regulation changes in the European Union. These decreases were partially offset by a \$3.6 million inventory obsolescence reserve recorded during the three months ended September 30, 2023, and increases in cost of sales resulting from inflationary pressures.

As a result of the activity described above regarding Net sales and Cost of sales, our gross profit margin decreased from 73.6% in the three months ended September 30, 2022 to 67.6% in the three months ended September 30, 2023.

*Operating Expenses*

(in thousands)	For the Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
Selling, general, and administrative expenses	\$ 36,433	\$ 30,807	\$ 5,626	18.3 %
Amortization of other intangible assets	10,378	10,329	49	0.5 %
Total operating expenses	\$ 46,811	\$ 41,136	\$ 5,675	13.8 %

The increase in selling, general and administrative expenses was primarily driven by an increase of \$3.4 million in investments in sales and marketing, \$2.9 million in payroll expenses driven by workforce expansion, and \$0.7 million of employee benefit costs, partially offset by a \$0.8 million decrease in distribution and fulfillment costs related to the decrease in product sales volume during the three months ended September 30, 2023.

*Interest Expense, Net*

(in thousands)	For the Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
	Interest expense	\$ (14,692)		
Interest income	5,182	643	4,539	*
Interest expense, net	\$ (9,510)	\$ (10,499)	\$ 989	(9.4)%

\*Percent change not meaningful

Interest expense, net decreased due to a receipt of funds resulting from settlements of the Company's interest rate cap, partially offset by increased interest rates in response to the inflationary environment during the three months ended September 30, 2023. See "Liquidity and Capital Resources Requirements – Credit Facility" for additional information regarding our outstanding debt.

We also benefited during the three months ended September 30, 2023 from \$5.2 million of interest income from highly liquid investments with a maturity of three months or less.

*Other Expense, Net*

(in thousands)	For the Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
	Other expense, net	\$ (970)		

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

*Income Tax Provision*

(in thousands)	For the Three Months Ended September 30,		\$ Change	% Change
	2023	2022		
	Income tax provision	\$ 5,891		

Our effective tax rate was 22.4% for the three months ended September 30, 2023, as compared to 20.0% for the three months ended September 30, 2022. Our effective tax rate for the three months ended September 30, 2023 is higher than the statutory rate of 21% primarily due to the effect of state income taxes, 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 September 30, 2022 was lower than the statutory tax rate of 21% primarily due to the benefit associated with the FDII, partially offset by the net impact of state income taxes. The increase in the effective tax rate from the comparative prior three months period is primarily due to the impact in the quarter of updating to the annual effective tax rate.

## Comparison of the Nine Months Ended September 30, 2023 to the Nine Months Ended September 30, 2022

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

	Nine Months Ended September 30,			
	2023		2022	
	(in thousands)	% of Net sales	(in thousands)	% of Net sales
Net sales	\$ 346,583	100.0 %	\$ 573,553	100.0 %
Cost of sales:				
Cost of product (excluding amortization)	98,431	28.4	140,999	24.6
Amortization of patented formulations	6,298	1.8	5,091	0.9
Total cost of sales	104,729	30.2	146,090	25.5
Gross profit	241,854	69.8	427,463	74.5
Operating expenses:				
Selling, general, and administrative	119,770	34.6	79,232	13.8
Amortization of other intangible assets	31,025	9.0	30,890	5.4
Total operating expenses	150,795	43.5	110,122	19.2
Operating income	91,059	26.3	317,341	55.3
Interest expense, net	(30,259)	(8.7)	(30,653)	(5.3)
Other expense, net				
Loss on extinguishment of debt	—	—	(18,803)	(3.3)
Other expense, net	(1,328)	(0.4)	(3,852)	(0.7)
Total other expense, net	(1,328)	(0.4)	(22,655)	(3.9)
Income before provision for income taxes	59,472	17.2	264,033	46.0
Income tax provision	11,986	3.5	53,594	9.3
Net income	\$ 47,486	13.7	\$ 210,439	36.7

### Net Sales

Net sales by channel for the nine months ended September 30, 2023 and September 30, 2022 were as follows:

(in thousands)	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
<b>Net sales by Channel:</b>				
Professional	\$ 137,626	\$ 245,539	\$ (107,913)	(43.9)%
Specialty retail	107,785	202,692	(94,907)	(46.8)%
DTC	101,172	125,322	(24,150)	(19.3)%
Total net sales	\$ 346,583	\$ 573,553	\$ (226,970)	(39.6)%

Total net sales declined 39.6% in the nine months ended September 30, 2023 compared to the same period in 2022, primarily attributed to a lower level of demand and inventory rebalancing, particularly within the Professional and Specialty Retail channels. The Company was also lapping \$22.0 million of new product offering and \$10 million of inventory pipeline to a key specialty retailer in the same period in 2022. These impacts were partially offset by our launches of LASHBOND® Serum, which is our first hair care adjacent product, No. 4D Clean Volume Detox Dry Shampoo, Olaplex® Volumizing Blow Dry Mist, and No. 5P Blonde Enhancer™ Toning Conditioner, as well as the impact of new customers within each channel. Net sales declined primarily in the United States, Canada and the United Kingdom, partially offset by increases in Southeast Asia and the Middle East.

### Cost of Sales and Gross Profit

(in thousands)	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Cost of sales	\$ 104,729	\$ 146,090	\$ (41,361)	(28.3)%
Gross profit	\$ 241,854	\$ 427,463	\$ (185,609)	(43.4)%



Our cost of sales decreased primarily due to declining product sales in the nine months ended September 30, 2023. The Company also recorded write-off and disposal expenses of \$4.3 million and \$1.6 million for the same period in 2022 as a result of regulation changes in the European Union. These decreases were partially offset by a \$9.8 million reserve for product obsolescence recorded during the nine months ended September 30, 2023, and increases in cost of sales resulting from inflationary pressures.

As a result of the activity described above regarding Net sales and Cost of sales, our gross profit margin decreased from 74.5% in the nine months ended September 30, 2022 to 69.8% in the nine months ended September 30, 2023.

*Operating Expenses*

(in thousands)	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Selling, general, and administrative expenses	\$ 119,770	\$ 79,232	\$ 40,538	51.2 %
Amortization of other intangible assets	31,025	30,890	135	0.4 %
Total operating expenses	\$ 150,795	\$ 110,122	\$ 40,673	36.9 %

Selling, general and administrative expenses increased primarily due to an increase of \$26.2 million in investments in sales and marketing, payroll expenses of \$8.0 million driven by workforce expansion, \$6.5 million related to the combination of a one-time former distributor payment, professional expenses, and legal settlement costs, and increased employee benefit costs of \$2.9 million, partially offset by a \$3.5 million decrease in distribution and fulfillment costs related to the decrease in product sales volume during the nine months ended September 30, 2023.

*Interest Expense, Net*

(in thousands)	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Interest expense	\$ (43,283)	\$ (31,296)	\$ (11,987)	38.3 %
Interest income	13,024	643	12,381	*
Interest expense, net	\$ (30,259)	\$ (30,653)	\$ 394	(1.3)%

\*Percent change not meaningful.

Interest expense, net remained flat during the nine months ended September 30, 2023. See “Liquidity and Capital Resources Requirements – Credit Facility” for additional information on our outstanding debt.

We also benefited during the nine months ended September 30, 2023 from \$13.0 million of interest income from highly liquid investments with a maturity of three months or less.

*Other (Expense), Net*

(in thousands)	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Loss on extinguishment of debt	\$ —	\$ (18,803)	\$ 18,803	— %
Other expense, net	(1,328)	(3,852)	2,524	(65.5)%
Total other expense, net	\$ (1,328)	\$ (22,655)	\$ 21,327	(94.1)%

As a result of the refinancing of the 2020 Credit Agreement that occurred during the nine months ended September 30, 2022, we recorded an \$18.8 million loss on extinguishment of debt in that period. Other expense, net decreased in the nine months ended September 30, 2023 primarily due to a decrease in foreign currency transaction losses driven by the performance of the U.S. dollar.

*Income Tax Provision*

(in thousands)

	For the Nine Months Ended September 30,		\$ Change	% Change
	2023	2022		
Income tax provision	\$ 11,986	\$ 53,594	\$ (41,608)	(77.6)%

Our effective tax rate was 20.2% for the nine months ended September 30, 2023, as compared to 20.3% for the nine months ended September 30, 2022. Our effective tax rates for the nine months ended September 30, 2023 and 2022 are lower than the statutory tax rate of 21% primarily due to the benefit associated with the FDII, partially offset by the net impact of state income taxes.

#### *Tax Receivable Agreement*

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 blended state tax rate and allocation of U.S. versus foreign sourced income may impact the established liability and changes would be recorded to other income (expense) 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 \$205.6 million over the 13-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. During the nine months ended September 30, 2023, the Company made a payment to the Pre-IPO Stockholders of \$16.6 million as required pursuant to the terms of the Tax Receivable Agreement. During the three and nine months ended September 30, 2022, the Company made a payment to the Pre-IPO Stockholders of \$4.2 million as required pursuant to the terms of the Tax Receivable Agreement. The remaining Tax Receivable Agreement payment obligation as of September 30, 2023 is \$205.6 million, of which \$189.4 million was recorded in long term liabilities and \$16.2 million was recorded in current liabilities.

### **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 September 30, 2023, we had \$429.6 million of cash and cash equivalents. In addition, as of September 30, 2023, we had borrowing capacity of \$150.0 million under the 2022 Revolver, plus \$114.8 million of working capital excluding cash and cash equivalents for a combined liquidity position of \$694.4 million.

## Cash Flows

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

(in thousands)	For the Nine Months Ended September 30,	
	2023	2022
Net cash provided by (used in):		
Operating activities	\$ 128,497	\$ 181,807
Investing activities	(2,902)	(1,712)
Financing activities	(18,817)	(117,084)
Net increase in cash and cash equivalents:	\$ 106,778	\$ 63,011

### Operating Activities

The decrease in net cash provided by operating activities during the nine months ended September 30, 2023 compared to the same period in 2022 was primarily a result of a decrease in net income of \$163.0 million, changes in working capital and adjusting items to Operating Cash Flows to reconcile to Net income from operations, and increases in inventory obsolescence, write-offs and disposal adjustments of \$3.8 million, partially offset by the loss on extinguishment of debt of \$18.8 million related to the refinancing of the 2020 Credit Agreement recorded in the nine months ended September 30, 2022.

### Investing Activities

Our investing activities included purchases of product technologies, software, property and equipment during the nine months ended September 30, 2023 and 2022.

### Financing Activities

Our financing activities for the nine months ended September 30, 2023 primarily consisted of cash outflows for payments on our long-term debt and debt issuance costs, payments to our pre-IPO stockholders pursuant to our Tax Receivable Agreement, and payments for shares withheld and retired for taxes and exercise price for SARs, partially offset by cash received by the Company from stock option exercises. For the nine months ended September 30, 2022, our financing activities primarily consisted of cash outflows for payments on our long-term debt and debt issuance costs, and payments for shares withheld and retired for taxes and exercise price for SARs, offset by proceeds from the issuance of the 2022 Credit Agreement.

### 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 elsewhere in "Risk Factors" in our 2022 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 September 30, 2023, we had outstanding indebtedness under the 2022 Credit Agreement of \$664.9 million, of which \$6.8 million was classified as current. As of September 30, 2023, 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 September 30, 2023. We have not drawn on the 2022 Revolver as of September 30, 2023. The 2022 Term Loan Facility is repayable in mandatory quarterly installments equal to \$1.7 million, with the balance payable at maturity.

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. We were in compliance with our financial covenants on September 30, 2023 and December 31, 2022. 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.

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 7 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 on our indebtedness and interest rate cap.

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

As part of the IPO, 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 the Company and its 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 and allocation of U.S. versus foreign sourced income may impact the established liability and changes would be recorded to other income (expense) 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 \$205.6 million over the 13-year remaining period under the Tax Receivable Agreement. Payments under the Tax Receivable Agreement, which began in 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 2022 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, 2022 in the 2022 Form 10-K. There have been no material changes to these policies in the nine months ended September 30, 2023.

### **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, 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. When the reference rates under our 2022 Term Loan Facility increase, the interest payments we must make thereon also increase, which can impact our future earnings and cash flows. As of September 30, 2023, we had \$664.9 million of outstanding variable rate loans under the 2022 Term Loan Facility. Based on our September 30, 2023 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 7 Long-Term Debt” in the Notes to the Condensed Consolidated Financial Statements included in 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 assets at September 30, 2023 was \$4.5 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 \$1.1 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 \$1.0 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. During the three and nine months ended September 30, 2023, our gross profit margin was negatively impacted by increased input costs for raw materials. 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 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 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 Exchange Act) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (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 interim Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. Our management has evaluated, under the supervision and with the participation of our interim 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 interim Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2023.

##### ***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 September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

##### ***Inherent Limitations in Effectiveness of Controls***

Our management, including our interim Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **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 the opinion of our management, reasonably possible losses in addition to the amounts accrued for any such litigation and legal proceedings are not material to our consolidated financial statements. 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 10 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 2022 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 September 30, 2023, 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**

Exhibit Number	Description
<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>10.1#</u></a>	<a href="#"><u>Letter Agreement dated July 10, 2023, by and between Olaplex Holdings, Inc. and John P. Bilbrey (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on July 11, 2023 (File No. 001-40860)).</u></a>
<a href="#"><u>10.2#</u></a>	<a href="#"><u>Amended and Restated 2020 Omnibus Equity Incentive Plan</u></a>
<a href="#"><u>10.3</u></a>	<a href="#"><u>Manufacturing and Supply Agreement, dated August 4, 2023, by and between Olaplex, Inc. and Cosway Company Inc. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed on August 8, 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> †	<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> †	<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)

# Indicates a management contract or compensation plan, contract or arrangement.

† 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.

OLAPLEX HOLDINGS, INC.

November 7, 2023

By: /s/ John P. Bilbrey  
Name: John P. Bilbrey  
Title: Interim Chief Executive Officer  
*(Principal Executive Officer)*

November 7, 2023

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

**OLAPLEX HOLDINGS, INC.**  
**AMENDED & RESTATED 2020 OMNIBUS EQUITY INCENTIVE PLAN**

**Article 1. Establishment & Purpose**

**1.1 Establishment.** The Penelope Holdings Corp. 2020 Omnibus Equity Incentive Plan (the “**Original Plan**”) was originally adopted and approved by the Board of Directors of Penelope Group Holdings GP, LLC and the Board of Directors of Penelope Holdings Corp. on January 8, 2020. In connection with a corporate reorganization in advance of the initial public offering of the Company, on September 27, 2021 (the “**Restatement Effective Date**”), the Original Plan was assumed by the Company and each outstanding Option under the Original Plan was converted into an Option to purchase a share of common stock of the Company. The Original Plan was amended and restated, effective as of the Restatement Effective Date as set forth herein to reflect the reorganization and the assumption by the Company of the Original Plan (as amended and restated, the “**Plan**”)

**1.2 Purpose of the Plan.** The purpose of the Plan is to attract, retain and motivate the management, employees and certain non-employee independent directors of the Company and its Subsidiaries and Affiliates and to promote the success of the Company’s business by providing them with appropriate incentives and rewards either through a proprietary interest in the long-term success of the Company or compensation based on fulfilling certain performance goals.

**Article 2. Definitions**

Capitalized terms used and not otherwise defined herein shall have the meanings set forth below.

**2.1 “Advent Investors”** means Advent International GPE IX Limited Partnership, Advent International GPE IX-C Limited Partnership, Advent International GPE IX-D SCSp, Advent International GPE IX-G Limited Partnership, Advent International GPE IX-I Limited Partnership, Advent Partners GPE IX Limited Partnership, Advent Partners GPE IX-A Limited Partnership, Advent International GPE IX Strategic Investors SCSp, Advent Partners GPE IX-B Cayman Limited Partnership, Advent International GPE IX-A SCSp, Advent International GPE IX-B Limited Partnership, Advent International GPE IX-E SCSp, Advent International GPE IX-F Limited Partnership, Advent International GPE IX-H Limited Partnership, Advent Partners GPE IX Cayman Limited Partnership, and Advent Partners GPE IX-A Cayman Limited Partnership.

**2.2 “Affiliate”** means, with respect to any specified Person at any time, each Person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person at such time, where “control” means the power to direct the business and affairs of a Person through ownership of securities, by contract, or otherwise and “controlling” and “controlled by” have similar meanings.

**2.3 “Award”** means any Option, Stock Appreciation Right, Restricted Stock or Other Stock-Based Award that is granted under the Plan.

**2.4 “Award Agreement”** means either (a) a written agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award, or (b) a

written statement signed by an authorized officer of the Company to a Participant describing the terms and provisions of the actual grant of such Award.

**2.5 “Board”** means the Board of Directors of the Company.

**2.6 “Cause”** has the meaning set forth in the Participant’s Service agreement or offer letter with the Company or its Affiliates then in effect, or, if the Participant is not party to such a Service agreement or such term is not defined in such Service agreement then “Cause” shall mean, as determined by the Board in its sole discretion, (i) the Participant’s failure to follow a reasonable directive of the Company or any of its Subsidiaries or the material failure to perform his or her duties to the Company or any of its Subsidiaries, in each case which failure is not cured after written notice of such failure and a ten (10) Business Day opportunity to cure such failure (to the extent reasonably susceptible of cure); (ii) the Participant’s gross negligence, willful misconduct or breach of a fiduciary duty in the performance of his or her duties to the Company or any of its Subsidiaries; (iii) the Participant’s commission of any act of fraud, theft, misappropriation, embezzlement, intentional misrepresentation or dishonesty with respect to the Company or any of its Subsidiaries; (iv) the Participant’s commission of a felony or other crime of moral turpitude; (v) a breach of any Restrictive Covenant by the Participant which breach is not cured within ten (10) days after written notice of such failure (to the extent reasonably susceptible of cure); (vi) a material breach of any provision of an employment, consulting, or severance-benefit agreement by the Participant which breach is not cured within ten (10) days after written notice of such failure (to the extent reasonably susceptible of cure); (vii) the Participant’s alcohol or substance abuse that materially adversely affects, or could reasonably be expected to materially adversely affect, the Participant’s performance and service to the Company or any of its Subsidiaries; (viii) the Participant’s breach of any written rules, regulations, policies or procedures of the Company or any of its Subsidiaries (including, but not limited to, those related to sexual harassment or business misconduct); or (ix) any other conduct by the Participant that is or could reasonably be expected to be harmful to the business interests or reputation of the Company or any Subsidiary of the Company; provided, that a Participant shall not be entitled to more than one opportunity to cure (as provided in clause (i), (v) and (vi)) with respect to any repeated, related or similar failure or breach. For the avoidance of doubt, any termination of a Participant other than for Cause shall be treated as a termination for Cause if termination would have occurred for Cause but for the occurrence of such other termination or resignation and the Company sends a written notice of such Cause event to the applicable Participant.

**2.7 “Change of Control”** means, directly or indirectly, in each case whether in a single transaction or a series of related transactions, (a) a merger, business combination or consolidation involving the Company, on the one hand, and one or more Third Parties, on the other hand, following which any Third Party or group of related Third Parties hold (directly or indirectly) a majority (as determined by both rights to distributions and voting power) of the equity securities of the Person surviving or resulting from such merger, business combination or consolidation, (b) a sale or issuance of Shares, whether by the Company, one or more stockholders, or other holders of Shares, which results in any Third Party or group of related Third Parties holding (directly or indirectly) a majority of the Shares, or (c) a Sale or other disposition of all or substantially all of the assets of the Company and its Subsidiaries to one or

more Third Parties; provided, that to the extent necessary to comply with Section 409A with respect to the payment of deferred compensation. “Change of Control” shall be limited to a “change in control event” as defined in Treasury Regulations Section 1.409A-3(i)(5) prescribed pursuant to Section 409A. For the avoidance of doubt, as used herein, an IPO shall not constitute a Change of Control.

**2.8** “**Code**” means the U.S. Internal Revenue Code of 1986, as amended from time to time.

**2.9** “**Company**” means Olaplex Holdings, Inc.

**2.10** “**Committee**” means the Board, or any committee thereof designated by the Board to administer the Plan in accordance with Article 3 of the Plan.

**2.11** “**Director**” means a member of the Board or a member of the board of directors or equivalent governing body of the Company or any of its Subsidiaries, in each case, who is not an Employee.

**2.12** “**Eligible Person**” means (a) a Director who is not an employee or partner of Advent International, Inc. a Delaware corporation, or one of its Affiliates, (b) an Employee, or (c) an independent contractor, consultant or other service provider to the Company or any of its Affiliates.

**2.13** “**Employee**” means an officer or other employee of the Company or any Subsidiary or Affiliate, including a member of the Board who is such an employee. For the avoidance of doubt, except as otherwise expressly agreed between a Participant Employee and his or her employer, no period of notice of employment or service termination, if any, or payment in lieu of notice that is given or ought to have been given, pursuant to any employment or similar agreement between a Participant Employee and an employer in effect at the time of such employment or service termination or pursuant to applicable law, that follows the last day of a Participant Employee’s active employment with his or her employer will be considered as extending the Participant Employee’s period of employment for purposes of determining the date of employment or service termination for any purpose under the Plan or any Award Agreement.

**2.14** “**Fair Market Value**” means, as of any day, with respect to the Shares:

- a. if the Shares are immediately and freely tradable on a stock exchange or in over-the-counter market, the closing price per Share on the preceding day, or if no trades were made on such date, the immediately preceding day on which trades were made; or
- b. in the absence of such a market for the Shares, the fair value per Share as determined in good faith by the Board and, for the purpose of determining the Option Price or grant price of an Award, consistent with the principles of Section 409A.

**2.15** “**Incentive Stock Option**” means an Option intended to meet the requirements of an incentive stock option as defined in Section 422 of the Code and designated as an Incentive Stock Option in accordance with Article 6 of the Plan.

- 2.16 “**IPO**” means a public offering and sale of equity securities of the Company, any Subsidiary of the Company or any successor to the Company for cash pursuant to an effective Form S-1 registration statement (or any successor form thereto) under the Securities Act.
- 2.17 “**Nonqualified Stock Option**” means an Option that is not an Incentive Stock Option.
- 2.18 “**Option**” means any option granted from time to time under Article 6 of the Plan.
- 2.19 “**Option Price**” means the purchase price per Share subject to an Option, as determined pursuant to Section 6.2 of the Plan.
- 2.20 “**Other Stock-Based Award**” means any Award granted under Article 9 of the Plan.
- 2.21 “**Participant**” means any Eligible Person as set forth in Section 4.1 to whom an Award is granted.
- 2.22 “**Permanent Disability**” has the meaning set forth below, except with respect to any Participant who is engaged by the Company or one of its Affiliates pursuant to an effective written Service agreement in which there is a definition of “Permanent Disability” or an equivalent term, in which event the definition of “Permanent Disability” as set forth in such Service agreement shall be deemed to be the definition of “Permanent Disability” herein solely for such Participant and only for so long as such Service agreement remains effective. In all other events, the term “Permanent Disability” means: a determination by independent competent medical authority (selected by the Board) that the Participant is unable to perform the Participant’s duties, and in all reasonable medical likelihood such inability shall continue for a consecutive period of 90 days or for a period in excess of 120 days in any 365-day period.
- 2.23 “**Person**” means an individual, general or limited partnership, joint venture, association, corporation, trust, estate, limited liability company, limited liability partnership, unincorporated entity of any kind, governmental entity, or any other legal entity.
- 2.24 “**Restricted Stock**” means any Award granted under Article 8 of the Plan.
- 2.25 “**Restriction Period**” means the period during which Restricted Stock awarded under Article 8 of the Plan is restricted.
- 2.26 “**Sale**” means a Transfer for value.
- 2.27 “**Section 409A**” means Section 409A of the Code together with all regulations, guidance, compliance programs and other interpretative authority thereunder.
- 2.28 “**Service**” means service as an Employee, Director, independent contractor, consultant or other service provider.
- 2.29 “**Share**” means a share of common stock of the Company, par value \$0.001 per share, or such other class or kind of shares or other securities resulting from the application of Article 11 of the Plan.
- 2.30 “**Stock Appreciation Right**” means any right granted under Article 7 of the Plan

**2.31** “**Subsidiary**” means with respect to the Company or any other Person, any Person of which the Company (or such other Person) owns equity securities having a majority of the voting power in electing the board of directors (or equivalent) directly or through one or more Subsidiaries (or, in the case of a partnership, limited liability company or other similar entity, equity securities conveying, directly or indirectly, a majority of the economic interests in such partnership or entity), including any Person of which the Company (or such other Person) or any Subsidiary serves as general partner or managing member.

**2.32** “**Ten-Percent Shareholder**” means a person who on any given date owns, either directly or indirectly (taking into account the attribution rules contained in Section 424(d) of the Code), stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a Subsidiary or Affiliate.

**2.33** “**Third Party**” means any Person other than the Company, any of its Subsidiaries, the Advent Investors or any of its Affiliates.

**2.34** “**Transfer**” means any sale, pledge, assignment, encumbrance or other transfer or disposition of any Shares to any other Person, whether directly, indirectly, voluntarily, involuntarily, by operation of law, pursuant to a merger, reorganization, consolidation, judicial process or otherwise (including a transfer by way of entering into a financial instrument or contract the value of which was determined in whole or part by reference to the Company (including the amount of Company distributions, the value of Company assets or the results of Company operations)), and, without limiting the generality of the foregoing, shall include any interspousal transfer incident to a dissolution of marriage or a transfer of capital stock or capital stock or other equity interests of any Person who is a holder of Shares.

### **Article 3. Administration**

**3.1 Authority of the Committee.** The Plan shall be administered by the Committee, which shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (a) determine the Eligible Persons to whom Awards shall be granted under the Plan, (b) prescribe the restrictions, terms and conditions of all Awards, (c) interpret the Plan and terms of the Awards, (d) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and interpret, amend or revoke any such rules, (e) make all determinations with respect to a Participant’s Service and the termination of such Service for purposes of any Award, (f) correct any defect(s) or omission(s) or reconcile any ambiguity(ies) or inconsistency(ies) in the Plan or any Award thereunder, (g) make all determinations it deems advisable for the administration of the Plan, (h) decide all disputes arising in connection with the Plan and to otherwise supervise the administration of the Plan, (i) subject to the terms of the Plan, amend the terms of an Award in any manner that is not inconsistent with the Plan, (j) accelerate the vesting or, to the extent applicable, exercisability of any Award at any time (including, but not limited to, upon a Change of Control or upon termination of Service under certain circumstances, as set forth in the Award Agreement or otherwise), and (k) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Eligible Persons who are foreign nationals or who provide Services outside of the United States. The Committee’s determinations under the Plan need not be uniform and may be made by the Committee selectively among Participants and Eligible Persons, whether or not such persons are similarly situated. The Committee shall, in its

sole discretion, consider such factors as it deems relevant in making its interpretations, determinations and actions under the Plan, including, without limitation, the recommendations or advice of any officer or employee of the Company or such attorneys, consultants, accountants or other advisors as it may select. All interpretations, determinations and actions by the Committee shall be final, conclusive and binding upon all parties.

**3.2 Delegation.** The Committee may delegate to one or more of its members, one or more officers of the Company or any Subsidiary, or one or more agents or advisors such administrative duties or powers as it may deem advisable.

#### **Article 4. Eligibility and Participation**

**4.1 Eligibility.** Participants will consist of such Eligible Persons as the Committee in its sole discretion determines and whom the Committee may designate from time to time to receive Awards under the Plan; provided, however, that Options and Stock Appreciation Rights may only be granted to those Eligible Persons with respect to whom the Company is an “eligible issuer” within the meaning of Section 409A. Designation of a Participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the Participant in any other year.

**4.2 Type of Awards.** Awards under the Plan may be granted in any one or a combination of: (a) Options; (b) Stock Appreciation Rights; (c) Restricted Stock; and (d) Other Stock-Based Awards. Awards granted under the Plan shall be evidenced by Award Agreements (which need not be identical) that provide additional terms and conditions associated with such Awards, including, without limitation, restrictive covenants, as determined by the Committee in its sole discretion; provided, however, that in the event of any conflict between the provisions of the Plan and any such Award Agreement, the provisions of the Plan shall prevail.

#### **Article 5. Shares Subject to the Plan; Maximum Awards**

##### **5.1 Number of Shares Available for Awards.**

- a. **Shares.** Subject to adjustment as provided in this Article 5 and Article 11 of the Plan, the maximum number of Shares available for issuance to Participants pursuant to Awards under the Plan shall be 46,923,300; provided, however, that no new Awards shall be granted under the Plan following the Restatement Effective Date. The Shares available for issuance under the Plan may consist, in whole or in part, of authorized and unissued Shares or treasury Shares.
- b. **Additional Shares.** In the event that any outstanding Award expires or is forfeited, cancelled or otherwise terminated without consideration (i.e., Shares or cash) therefor, the Shares subject to such Award, to the extent of any such forfeiture, cancellation, expiration, termination or settlement, shall again be available for Awards under the Company’s 2021 Equity Incentive Plan as provided, and subject to the terms set forth, therein; provided, that any Shares tendered to or withheld by the Company as part or full payment for the purchase price, Option Price or grant price of an

Award or to satisfy all or part of the Company's tax withholding obligation with respect to an Award, shall not again be available for Awards. If the Committee authorizes the assumption under the Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, of awards granted under another plan, such assumption shall not reduce the maximum number of Shares available for issuance under the Plan.

## Article 6. Options

**6.1 Grant of Options.** The Committee is hereby authorized to grant Options to Participants. Each Option shall permit a Participant to purchase from the Company a stated number of Shares at an Option Price established by the Committee, subject to the terms and conditions described in this Article 6 and to such additional terms and conditions, as established by the Committee, in its sole discretion, that are consistent with the provisions of the Plan. Options shall be designated as either Incentive Stock Options or Nonqualified Stock Options; provided, that Options granted to Directors shall be Nonqualified Stock Options. An Option granted as an Incentive Stock Option shall, to the extent it fails to qualify under the Code as an Incentive Stock Option, be treated as a Nonqualified Stock Option. None of the Committee, the Company, any of its Subsidiaries or Affiliates or any of their employees or representatives shall be liable to any Participant or to any other Person if it is determined that an Option intended to be an Incentive Stock Option does not qualify under the Code as an Incentive Stock Option. Each Option shall be evidenced by an Award Agreement that shall state the number of Shares covered by such Option. Such Award Agreement shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable.

**6.2 Option Price.** The Option Price shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value of a Share on the date of grant. In the case of any Incentive Stock Option granted to a Ten-Percent Shareholder, the Option Price shall not be less than 110% of the Fair Market Value of a Share on the date of grant.

**6.3 Option Term.** The term of each Option shall be determined by the Committee at the time of grant and shall be stated in the Award Agreement, but in no event shall such term be greater than ten years (or, in the case on an Incentive Stock Option granted to a Ten-Percent Shareholder, five years).

**6.4 Time of Exercise.** Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve as set forth in each Award Agreement, which terms and restrictions need not be the same for each grant or for each Participant.

**6.5 Method of Exercise.** Except as otherwise provided in the Plan or in an Award Agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of this Article 6, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date full payment is received by the Company pursuant to clauses (a), (b), (c), (d), or (e) of the following sentence (including the applicable tax withholding pursuant to Section 13.3 of the Plan). The aggregate Option Price for the Shares as to which an Option is exercised shall be paid



to the Company in full at the time of exercise at the election of the Participant: (a) in cash or its equivalent (e.g., by cashier's check); (b) to the extent permitted by the Committee, in Shares (whether or not previously owned by the Participant) having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; (c) partly in cash or its equivalent and, to the extent permitted by the Committee, partly in such Shares (as described in (b) above); (d) in connection with a Change of Control, or as may otherwise be permitted by the Committee, by reducing the number of Shares otherwise deliverable upon the exercise of the Option by the number of Shares having a Fair Market Value equal to the Option Price, net of withholding; or (e) if there is a public market for the Shares at such time, subject to such requirements as may be imposed by the Committee, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased. The Committee may prescribe any other method of payment that it determines to be consistent with applicable law and the purpose of the Plan.

**6.6 Limitations on Incentive Stock Options.** Incentive Stock Options may be granted only to employees of the Company or of a "parent corporation" or "subsidiary corporation" (as such terms are each defined in Section 424 of the Code) at the date of grant. The aggregate Fair Market Value (generally determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under all plans of the Company and of any "parent corporation" or "subsidiary corporation" shall not exceed \$100,000 or the Option shall be treated as a Nonqualified Stock Option, but only to the extent of that portion of the Option in excess of the limit. For purposes of the preceding sentence, unless otherwise designated by the Company, Incentive Stock Options will be taken into account in the order in which they are granted. Each provision of the Plan and each Award Agreement relating to an Incentive Stock Option shall be construed so that each Incentive Stock Option shall be an incentive stock option as defined in Section 422 of the Code, and any provisions of the Award Agreement thereof that cannot be so construed shall be disregarded.

#### **Article 7. Stock Appreciation Rights**

**7.1 Grant of Stock Appreciation Rights.** The Committee is hereby authorized to grant Stock Appreciation Rights to Participants. Stock Appreciation Rights shall be evidenced by Award Agreements that shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of: (a) the Fair Market Value of a specified number of Shares on the date of exercise over (b) the grant price of the right as specified by the Committee on the date of the grant. Such payment may be in the form of cash or its equivalent, Shares, other property or any combination thereof, as the Committee shall determine in its sole discretion.

**7.2 Terms of Stock Appreciation Right.** Each Stock Appreciation Right grant shall be evidenced by an Award Agreement that shall state the grant price (which shall not be less than 100% of the Fair Market Value of a Share on the date of grant), term, methods of exercise,

methods of settlement and such other provisions as the Committee shall determine. No Stock Appreciation Right shall have a term of more than ten years from the date of grant.

#### **Article 8. Restricted Stock**

**8.1 Grant of Restricted Stock.** The Committee is hereby authorized to grant Restricted Stock to Participants. An Award of Restricted Stock is a grant by the Committee of a specified number of Shares to the Participant, which Shares are subject to forfeiture upon the occurrence of specified events. Participants shall be awarded Restricted Stock in exchange for consideration not less than the minimum consideration required by applicable law. Restricted Stock shall be evidenced by an Award Agreement, which shall conform to the requirements of the Plan and may contain such other provisions as the Committee shall deem advisable.

**8.2 Terms of Restricted Stock Awards.** Each Award Agreement evidencing a Restricted Stock grant shall specify: the Restriction Period(s); the number of Shares of Restricted Stock subject to the Award; the purchase price, if any, of the Restricted Stock; the performance, Service or other conditions (including the termination of a Participant's Service whether due to death, Permanent Disability or other reason) under which the Restricted Stock may be forfeited to the Company; and such other provisions as the Committee shall determine in its sole discretion. Any Restricted Stock granted under the Plan shall be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates (in which case, the certificate(s) representing such Shares shall be legended as to sale, transfer, assignment, pledge or other encumbrances during the Restriction Period and deposited by the Participant, together with a stock power endorsed in blank, with the Company, to be held in escrow during the Restriction Period). At the end of the Restriction Period, the restrictions imposed hereunder and under the Award Agreement shall lapse with respect to the number of Shares of Restricted Stock as determined by the Committee, and, except as provided in Section 13.6, the legend required by this Section 8.2 shall be removed and such number of Shares delivered to the Participant (or, where appropriate, the Participant's legal representative).

**8.3 Voting and Dividend Rights.** The Committee shall determine and set forth in a Participant's Award Agreement whether or not a Participant holding Restricted Stock granted hereunder shall (a) have the right to exercise voting rights with respect to the Restricted Stock during the Restriction Period (the Committee may require a Participant to grant an irrevocable proxy and power of substitution) and/or (b) have the right to receive dividends on the Restricted Stock during the Restriction Period (and, if so, on what terms).

**8.4 Performance Goals.** The Committee may condition the grant of Restricted Stock or the expiration of the Restriction Period upon the Participant's achievement of one or more performance goal(s) specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Committee shall not grant the Restricted Stock to such Participant, or the Participant shall forfeit the Award of Restricted Stock to the Company, as applicable.

**8.5 Section 83(b) Election.** If a Participant makes an election pursuant to Section 83(b) of the Code in respect of an Award of Restricted Stock, the Participant shall be required to file promptly a copy of such election with the Company.

**Article 9. Other Stock-Based Awards**

The Committee, in its sole discretion, may grant Awards of Shares and Awards that are valued, in whole or in part, by reference to, or are otherwise based on the Fair Market Value of, Shares, including without limitation, restricted stock units, dividend equivalent rights and other phantom awards. Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of Service, the occurrence of an event, and/or the attainment of performance objectives. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made; the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash or its equivalent, Shares or a combination; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable). Each Other Stock-Based Award grant shall be evidenced by an Award Agreement, which shall conform to the requirements of the Plan.

**Article 10. Compliance with Section 409A**

**10.1 General.** The Company intends that the Plan and all Awards be construed to avoid the imposition of additional taxes, interest and penalties pursuant to Section 409A. Notwithstanding the Company's intention, in the event any Award is subject to such additional taxes, interest or penalties pursuant to Section 409A, the Committee may, in its sole discretion and without a Participant's prior consent, amend the Plan and/or Awards, adopt policies and procedures or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to (a) exempt the Plan and/or any Award from the application of Section 409A, (b) preserve the intended tax treatment of any such Award or (c) comply with the requirements of Section 409A, including, without limitation, any such regulations, guidance, compliance programs and other interpretative authority that may be issued after the date of the grant. In no event shall the Company or any of its Subsidiaries or Affiliates be liable for any additional tax, interest or penalties that may be imposed on a Participant under Section 409A or for any damages for failing to comply with Section 409A.

**10.2 Payments to Specified Employees.** Notwithstanding any contrary provision in the Plan or Award Agreement, any payments of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under the Plan to a "specified employee" (as defined under Section 409A) as a result of his or her separation from service (other than a payment that is not subject to Section 409A) shall be delayed for the first six months following such separation from service (or, if earlier, until the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) on the day that immediately follows the end of such six-month period or as soon as administratively practicable thereafter. Any remaining payments of nonqualified deferred compensation shall be paid without delay and at the time or times such payments are otherwise scheduled to be made.

**10.3 Separation from Service.** A termination of Service shall not be deemed to have occurred for purposes of any provision of the Plan or any Award Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation

under Section 409A upon or following a termination of Service unless such termination is also a “separation from service” within the meaning of Section 409A and the payment thereof prior to a “separation from service” would violate Section 409A. For purposes of any such provision of the Plan or any Award Agreement relating to any such payments or benefits, references to a “termination,” “termination of employment,” “termination of service” or like term shall mean “separation from service.”

#### **Article 11. Adjustments**

**11.1 Adjustments in Authorized Shares.** In the event of any corporate event or transaction involving the Company, a Subsidiary or an Affiliate (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company), such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split-up, spin-off, combination of Shares, exchange of Shares, dividend in kind, extraordinary cash dividend, amalgamation or other like change in capital structure (other than normal cash dividends to stockholders of the Company), or any similar corporate event or transaction, the Committee, to prevent dilution or enlargement of Participants’ rights under the Plan, shall substitute or adjust, in its sole discretion: the number and kind of Shares or other property that may be issued under the Plan or under particular forms of Awards; the number and kind of Shares or other property subject to outstanding Awards; the Option Price, grant price or purchase price applicable to outstanding Awards; and/or other value determinations (including performance conditions) applicable to the Plan or outstanding Awards. All adjustments shall be made in good-faith compliance with Section 409A. For the avoidance of doubt, the purchase of Shares or other equity securities of the Company by a stockholder of the Company or any third party from the Company shall not constitute a corporate event or transaction giving rise to an adjustment described in this Section 11.1.

**11.2 Change of Control.** Upon the occurrence of a Change of Control after the Original Effective Date, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or national securities exchanges, or unless the Committee shall specify otherwise in the Award Agreement, the Committee is authorized (but not obligated) to make adjustments in the terms and conditions of outstanding Awards, including, without limitation, the following (or any combination thereof): (a) continuation or assumption of such outstanding Awards under the Plan by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent; (b) substitution by the surviving company or corporation or its parent of equity, equity-based and/or cash awards with substantially the same terms for outstanding Awards (excluding the consideration payable upon settlement of the Awards); (c) accelerated exercisability, vesting and/or lapse of restrictions under outstanding Awards immediately prior to the occurrence of such event; (d) upon written notice, provide that any outstanding Awards must be exercised, to the extent then exercisable, during a reasonable period of time immediately prior to the scheduled consummation of the event or such other period as determined by the Committee (contingent upon the consummation of the event), and at the end of such period, such Awards shall terminate to the extent not so exercised within the relevant period; (e) cancellation of all or any portion of outstanding Awards for fair value (in the form of cash, Shares, other property or any combination thereof) as determined in the sole discretion of the Committee and which value may be zero;

provided, that in the case of Options and Stock Appreciation Rights or similar Awards, the fair value may equal the excess, if any, of the value of the consideration to be paid in the Change of Control transaction to holders of the same number of Shares subject to such Awards (or, if no such consideration is paid, Fair Market Value of the Shares subject to such outstanding Awards or portion thereof being cancelled) over the aggregate Option Price or grant price, as applicable, with respect to such Awards or portion thereof being cancelled, or if no such excess, zero; provided, further, that if any payments or other consideration are deferred and/or contingent as a result of escrows, earnouts, holdbacks or any other contingencies, payments under this provision may be made on substantially the same terms and conditions applicable to, and only to the extent actually paid to, the holders of Shares in connection with the Change of Control; provided, further, that such payments or other consideration may be limited to comply with Section 409A; and (f) cancellation of all or any portion of outstanding unvested and/or unexercisable Awards for no consideration.

#### **Article 12. Duration; Amendment, Modification, Suspension and Termination**

**12.1 Duration of Plan.** Unless sooner terminated as provided in Section 12.2, the Plan shall terminate on the tenth (10th) anniversary of the Original Effective Date.

**12.2 Amendment, Modification, Suspension and Termination of Plan.** Subject to the terms of the Plan, the Committee may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof or any Award (or Award Agreement) hereunder at any time, in its sole discretion; provided, that no action taken by the Committee shall adversely affect any economic rights granted to any Participant or adversely affect in any material respect any non-economic rights granted to any Participant under any outstanding Awards (other than pursuant to Article 10 or as the Committee deems necessary to comply with applicable law, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act) without the Participant's written consent.

#### **Article 13. General Provisions**

**13.1 No Right to Service or Award.** The granting of an Award under the Plan shall impose no obligation on the Company, any Subsidiary or any Affiliate to continue the Service of a Participant and shall not lessen or affect any right that the Company, any Subsidiary or any Affiliate may have to terminate the Service of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

**13.2 Settlement of Awards.** Each Award Agreement shall establish the form in which the Award shall be settled. The Committee shall determine whether cash or its equivalent, Awards, other securities or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be issued, rounded, forfeited, or otherwise eliminated.

**13.3 Tax Withholding.** The Company shall have the power and the right to deduct or withhold automatically from any amount deliverable under the Award or otherwise, or require a Participant to remit to the Company, the minimum statutory amount to satisfy federal, state and

local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan. The Committee, in its sole discretion, may permit Participants to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value equal to the minimum statutory total tax that could be imposed in connection with any such taxable event.

**13.4 No Guarantees Regarding Tax Treatment.** Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Awards under the Plan. The Committee and the Company make no guarantees to any Person regarding the tax treatment of Awards or payments made under the Plan. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax on any Person with respect to any Award under Section 409A or Section 457A of the Code or otherwise, and none of the Company, any of its Subsidiaries or Affiliates, or any of their employees or representatives shall have any liability to a Participant with respect thereto.

**13.5 Non-Transferability of Awards.** Unless otherwise determined by the Committee, an Award shall not be transferable or assignable by the Participant except in the event of the Participant's death (subject to the applicable laws of descent and distribution), and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Subsidiary or Affiliate. No transfer shall be permitted for value or consideration. An award exercisable after the death of a Participant may be exercised by the heirs, legatees, personal representatives or distributees of the Participant. Any permitted transfer of the Awards to heirs, legatees, personal representatives or distributees of the Participant shall not be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.

**13.6 [RESERVED]**

**13.7 Shares Not Registered.** Shares and Awards shall not be issued under the Plan unless the issuance and delivery of such Shares and any Awards comply with (or are exempt from) all applicable requirements of law, including, without limitation, the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be obligated to file any registration statement under any applicable securities laws to permit the purchase or issuance of any Shares or any Awards under the Plan, and, accordingly, any certificates for Shares or documents granting Awards may have an appropriate legend or statement of applicable restrictions endorsed thereon. If the Company deems it necessary to ensure that the issuance of securities under the Plan is not required to be registered under any applicable securities laws, each Participant to whom such security would be purchased or issued shall deliver to the Company an agreement or certificate containing such representations, warranties and covenants as the Company reasonably requires.

**13.8 Awards to Non-U.S. Eligible Persons.** To comply with the laws in countries other than the United States in which the Company or any Subsidiary or Affiliate operates or engages Eligible Persons, the Committee, in its sole discretion, shall have the power and

authority to: (a) determine which Subsidiaries or Affiliates shall be covered by the Plan; (b) determine which Employees and Directors outside the United States are eligible to participate in the Plan; (c) modify the terms and conditions of any Award granted to Eligible Persons outside the United States to comply with applicable foreign laws; (d) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals; and (e) establish sub-plans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable.

**13.9 Rights as a Stockholder.** Except as otherwise provided herein or in the applicable Award Agreement, a Participant shall have none of the rights of a stockholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

**13.10 Severability.** If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

**13.11 Unfunded Plan.** Participants shall have no right, title or interest whatsoever in or to any investments that the Company or any of its Subsidiaries or Affiliates may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other Person. To the extent that any Person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company, and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts. The Plan is not subject to the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

**13.12 No Constraint on Corporate Action.** Nothing in the Plan shall be construed to: (a) limit, impair or otherwise affect the Company's right or power to make adjustments, reclassifications, reorganizations or changes of or to its capital or business structure or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets; or (b) limit the right or power of the Company to take any action that it deems to be necessary or appropriate.

**13.13 Successors.** All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business or assets of the Company.

**13.14 Governing Law.** The Plan and each Award Agreement and all claims or causes of action or other matters (whether in contract, tort or otherwise) that may be based upon, arise out of or relate to the Plan or any Award Agreement or the negotiation, execution or performance of the Plan or any Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, excluding any conflict- or choice-of-law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

**13.15 Original Effective Date.** The Plan shall be effective as of January 9, 2020 (the "Original Effective Date").

\* \* \*

The Original Plan was duly adopted and approved by the Board of Directors of Penelope Group Holdings GP, LLC and the Board of Directors of Penelope Holdings Corp. on January 8, 2020 and amended and restated by the Board of Directors of Olaplex Holdings, Inc. effective September 27, 2021.



**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, John P. Bilbrey, 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: November 7, 2023

By: \_\_\_\_\_ /s/ John P. Bilbrey  
John P. Bilbrey  
Interim 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: November 7, 2023

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, John P. Bilbrey, Interim 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 September 30, 2023 (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: November 7, 2023

By: \_\_\_\_\_ /s/ John P. Bilbrey  
John P. Bilbrey  
Interim 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 September 30, 2023 (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: November 7, 2023

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