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 June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number 001-40860

Olaplex Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	87-1242679
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

432 Park Avenue South, Third Floor, New York, NY 10016
(Address of principal executive offices and zip code)

(310) 691-0776
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	OLPX	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 August 2, 2024, registrant had 661,984,685 shares of common stock, par value $0.001 per share, outstanding.

OLAPLEX HOLDINGS, INC.
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GLOSSARY

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

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

- competition in the beauty industry;
- our ability to effectively maintain and promote a positive brand image, expand our brand awareness and maintain consumer confidence in the quality, safety and efficacy of our products;
- our ability to anticipate and respond to market trends and changes in consumer preferences and execute on our growth strategies and expansion opportunities, including with respect to new product introductions;
- our ability to accurately forecast customer and consumer demand for our products;
- our dependence on the success of our long-term strategic plan;
- our ability to limit the illegal distribution and sale by third parties of counterfeit versions of our products or the unauthorized diversion by third parties of our products;
- our dependence on a limited number of customers for a large portion of our net sales;
- our ability to develop, manufacture and effectively and profitably market and sell future products;
- our ability to attract new customers and consumers and encourage consumer spending across our product portfolio;
- our ability to successfully implement new or additional marketing efforts;
- our relationships with and the performance of our suppliers, manufacturers, distributors and retailers and our ability to manage our supply chain;
- impacts on our business from political, regulatory, economic, trade and other risks associated with operating internationally;
- our ability to manage our executive leadership changes and to attract and retain senior management and other qualified personnel;
- our reliance on our and our third-party service providers’ information technology;
- our ability to maintain the security of confidential information;
- our ability to establish and maintain intellectual property protection for our products, as well as our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property rights of others;

- the outcome of litigation and regulatory proceedings;
- the impact of changes in federal, state and international laws, regulations and administrative policy;
- our existing and any future indebtedness, including our ability to comply with affirmative and negative covenants under the 2022 Credit Agreement;
- our ability to service our existing indebtedness and obtain additional capital to finance operations and our growth opportunities;
- volatility of our stock price;
- our “controlled company” status and the influence of investment funds affiliated with Advent International, L.P. over us;
- the impact of an economic downturn and inflationary pressures on our business;
- fluctuations in our quarterly results of operations;
- changes in our tax rates and our exposure to tax liability; and
- the other factors identified in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”) and in other documents that we file with the U.S. Securities and Exchange Commission from time to time.

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

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	June 30, 2024	December 31, 2023
Assets		
Current Assets:		
Cash and cash equivalents	$ 507,925	$ 466,400
Accounts receivable, net of allowances of $22,411 and $21,465	33,976	40,921
Inventory	100,156	95,922
Other current assets	12,393	9,953
Total current assets	654,450	613,196
Property and equipment, net	1,225	930
Intangible assets, net	923,426	947,714
Goodwill	168,300	168,300
Other assets	9,365	10,198
Total assets	$ 1,756,766	$ 1,740,338
Liabilities and stockholders' equity		
Current Liabilities:		
Accounts payable	$ 23,020	$ 7,073
Sales and income taxes payable	5,337	9,067
Accrued expenses and other current liabilities	22,505	20,576
Current portion of long-term debt	6,750	6,750
Current portion of Related Party payable pursuant to Tax Receivable Agreement	13,006	12,675
Total current liabilities	70,618	56,141
Long-term debt	646,367	649,023
Deferred tax liabilities	2,136	3,016
Related Party payable pursuant to Tax Receivable Agreement	172,390	185,496
Other liabilities	1,932	1,694
Total liabilities	893,443	895,370
Contingencies (Note 11)		
Stockholders' equity (Notes 1 and 9):		
Common stock, $0.001 par value per share; 2,000,000,000 shares authorized, 661,830,220 and 660,731,935 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	676	671
Preferred stock, $0.001 par value per share; 25,000,000 shares authorized and no shares issued and outstanding	—	—
Additional paid-in capital	322,758	316,489
Accumulated other comprehensive income	(79)	1,365
Retained earnings	539,968	526,443
Total stockholders' equity	863,323	844,968
Total liabilities and stockholders' equity	$ 1,756,766	$ 1,740,338

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

OLAPLEX HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(amounts in thousands, except per share and share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	$ 103,943	$ 109,241	$ 202,849	$ 223,028
Cost of sales:				
Cost of product (excluding amortization)	29,204	29,781	54,580	61,016
Amortization of patented formulations	2,302	1,964	4,489	3,706
Total cost of sales	31,506	31,745	59,069	64,722
Gross profit	72,437	77,496	143,780	158,306
Operating expenses:				
Selling, general, and administrative	45,423	48,413	85,860	83,337
Amortization of other intangible assets	10,736	10,324	22,025	20,647
Total operating expenses	56,159	58,737	107,885	103,984
Operating income	16,278	18,759	35,895	54,322
Interest expense	(14,594)	(14,674)	(29,098)	(28,591)
Interest income	6,259	4,468	12,462	7,842
Other expense, net	(264)	(600)	(1,211)	(358)
Income before provision for income taxes	7,679	7,953	18,048	33,215
Income tax provision	1,900	1,797	4,523	6,095
Net income	$ 5,779	$ 6,156	$ 13,525	$ 27,120
Net income per share:				
Basic	$ 0.01	$ 0.01	$ 0.02	$ 0.04
Diluted	$ 0.01	$ 0.01	$ 0.02	$ 0.04
Weighted average common shares outstanding:				
Basic	661,734,667	654,345,056	661,278,793	653,045,245
Diluted	663,545,258	680,349,161	663,516,699	682,107,732
Other comprehensive (loss) income:				
Unrealized (loss) gain on derivatives, net of income tax effect	$ (1,083)	$ 1,647	$ (1,444)	$ 1,090
Total other comprehensive (loss) income	(1,083)	1,647	(1,444)	1,090
Comprehensive income	$ 4,696	$ 7,803	$ 12,081	$ 28,210

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	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
Balance - December 31, 2023	660,731,935	$ 671	$ 316,489	$ 1,365	$ 526,443	$ 844,968
Net income	—	—	—	—	7,746	7,746
Issuance of shares upon exercise of stock options and vesting of restricted stock units	551,742	4	171	—	—	175
Share-based compensation expense	—	—	3,183	—	—	3,183
Unrealized loss on derivatives (net of taxes)	—	—	—	(361)	—	(361)
Balance – March 31, 2024	661,283,677	$ 675	$ 319,843	$ 1,004	$ 534,189	$ 855,711
Net income	—	$ —	$ —	$ —	$ 5,779	$ 5,779
Issuance of shares upon exercise of stock options and vesting of restricted stock units	546,543	1	54	—	—	55
Share-based compensation expense	—	—	2,861	—	—	2,861
Unrealized loss on derivatives (net of taxes)	—	—	—	(1,083)	—	(1,083)
Balance – June 30, 2024	661,830,220	$ 676	$ 322,758	$ (79)	$ 539,968	$ 863,323

	Shares	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity
Balance - December 31, 2022	650,091,380	$ 649	$ 312,875	$ 2,577	$ 464,856	$ 780,957
Net income	—	—	—	—	20,964	20,964
Issuance of shares upon exercise of stock-settled stock appreciation rights	109,620	—	326	—	—	326
Shares withheld and retired on exercise of stock-settled stock appreciation rights	(83,501)	—	(390)	—	—	(390)
Issuance of shares upon 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)
Balance – March 31, 2023	653,776,766	$ 653	$ 318,124	$ 2,020	$ 485,820	$ 806,617
Net income	—	—	—	—	6,156	6,156
Issuance of shares upon 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
Balance – June 30, 2023	654,530,828	$ 654	$ 321,555	$ 3,667	$ 491,976	$ 817,852

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)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Cash flows from operating activities:		
Net income	$ 13,525	$ 27,120
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of patent formulations	4,489	3,706
Amortization of other intangibles	22,025	20,647
Inventory write-off and disposal	2,516	6,167
Depreciation of fixed assets	284	230
Amortization of debt issuance costs	906	906
Deferred taxes	(450)	1,240
Share-based compensation expense	6,044	4,652
Other operating	630	530
Changes in operating assets and liabilities:		
Accounts receivable, net	6,945	(4,078)
Inventory	(6,632)	10,657
Other current assets	(4,616)	(4,627)
Accounts payable	15,797	3,918
Accrued expenses, sales tax and income tax payable	(1,845)	4,047
Other assets and liabilities	331	(28)
Net cash provided by operating activities	59,949	75,087
Cash flows from investing activities:		
Purchase of property and equipment	(559)	(128)
Purchase of intangible assets	—	(500)
Purchase of software	(1,619)	(1,368)
Net cash used in investing activities	(2,178)	(1,996)
Cash flows from financing activities:		
Proceeds from exercise of stock options	225	4,097
Payments related to shares withheld and retired to cover tax withholding obligation for SARs	—	(64)
Payment to Pre-IPO Stockholders pursuant to Tax Receivable Agreement	(12,613)	(16,452)
Principal payments for 2022 Term Loan Facility	(3,375)	(5,062)
Payments for shares withheld and retired to cover tax withholding obligation for RSUs	(483)	—
Net cash used in financing activities	(16,246)	(17,481)
Net increase in cash and cash equivalents	41,525	55,610
Cash and cash equivalents - beginning of period	466,400	322,808
Cash and cash equivalents - end of period	$ 507,925	$ 378,418
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 10,554	$ 9,511
Cash paid during the year for interest	$ 25,008	$ 29,344
Supplemental disclosure of noncash activities:		
Assets acquired under operating lease	$ 742	$ —
Intangible assets non cash transaction	$ 571	$ —
Property and equipment non cash transaction	$ 21	$ —

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

NOTE 1- NATURE OF OPERATIONS AND BASIS OF PRESENTATION

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

Basis of Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates and Assumptions

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Examples of estimates and assumptions include: for revenue recognition, determining the nature and timing of satisfaction of performance obligations, variable consideration, and other obligations such as product returns, allowance for promotions, and refunds; loss contingencies; the fair value of share-based options and stock settled stock appreciation rights ("SARs"); the fair value of and/or potential impairment of goodwill and intangible assets for the Company's reporting unit; the fair value of the Company's Interest Rate Caps (as defined below in "Note 5 - Fair Value Measurement"); useful lives of the Company's tangible and intangible assets; estimated income tax expense and tax payments; future payment obligations under the Tax Receivable Agreement; and 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 Caps are recorded at their Level 2 fair values in the Condensed Consolidated Balance Sheets.

Accounting Policies

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

Constructive Retirement of Common Stock Repurchases

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

Tax Receivable Agreement

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

The Tax Receivable Agreement liability is calculated based on current tax laws and the assumption that the Company and its subsidiaries will earn sufficient taxable income to realize the full tax benefits subject to the Tax Receivable Agreement. Updates to the Company’s blended state tax rate, allocation of U.S. versus foreign sourced income and changes in tax rules on the amortization and depreciation of assets may significantly impact the established liability, and changes to that established liability would be recorded to other (expense) income in the period the Company made the determination regarding the applicable change. The Company expects that future payments under the Tax Receivable Agreement relating to the Pre-IPO Tax Assets could aggregate to $185.4 million over the 11-year remaining period under the Tax Receivable Agreement. Payments under the Tax Receivable Agreement, which began in the year ended December 31, 2022, are not conditioned upon the parties’ continued ownership of equity in the Company.

Recent Accounting Pronouncements Not Yet Adopted

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

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

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

Reclassifications

Certain amounts presented have been reclassified within the "Condensed Consolidated Statements of Operations and Comprehensive Income" to conform with the current period presentation, including a prior year reclassification from Interest expense, net to Interest income for the three and six months ended June 30, 2023. The reclassifications occurred as a result of an increase in the significance of the current year amount. There was no change to the Condensed Consolidated Balance Sheet, Statements of Operations and Comprehensive Income, and Statements of Cash Flows from the reclassification.

NOTE 3 – NET SALES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales by Channel:				
Professional	$ 33,416	$ 40,940	$ 72,162	$ 89,337
Specialty retail	36,424	29,767	70,856	64,626
DTC	34,103	38,534	59,831	69,065
Total net sales	$ 103,943	$ 109,241	$ 202,849	$ 223,028

Net sales by major geographic region is based on the shipping address on record for the customer purchasing the Company's products. During the three and six months ended June 30, 2024 and June 30, 2023, the Company's net sales to consumers in the United States and International regions were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales by Geography:				
United States	$ 53,751	$ 50,099	$ 102,596	$ 97,761
International	50,192	59,142	100,253	125,267
Total net sales	$ 103,943	$ 109,241	$ 202,849	$ 223,028

For the three and six months ended June 30, 2024, U.S. net sales included approximately $2.4 million and $4.1 million, respectively, of net sales to customers with U.S. shipping addresses who the Company expects will ultimately sell such products in international jurisdictions.

For the three and six months ended June 30, 2023, U.S net sales included approximately $2.6 million and $4.8 million, respectively, of net sales to customers with U.S. shipping addresses who the Company expects will ultimately sell such products in international jurisdictions.

No international country exceeded 10% of total net sales for the three and six months ended June 30, 2024 and June 30, 2023. Despite our customers' geographic location, the majority of net sales are transacted in U.S. Dollars, the Company's functional and reporting currency.

NOTE 4 - INVENTORY

Inventory as of June 30, 2024 and December 31, 2023 consisted of the following:

	June 30, 2024	December 31, 2023
Raw materials	$ 25,922	$ 30,306
Finished goods	74,234	65,616
Inventory	$ 100,156	$ 95,922

During the three and six months ended June 30, 2024, the Company recorded inventory write-offs of $1.6 million and $2.5 million, respectively, due to reserves for product obsolescence.

During the three and six months ended June 30, 2023, the Company recorded inventory write-offs of $3.6 million and $6.2 million, respectively, due to reserves for product obsolescence.

NOTE 5 – FAIR VALUE MEASUREMENT

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

On August 11, 2022, the Company entered into an interest rate cap transaction (the "2022 Interest Rate Cap") in connection with the 2022 Term Loan Facility, with a notional amount of $400 million. The 2022 Interest Rate Cap expired on July 31, 2024.

In advance of the expiration of the 2022 Interest Rate Cap, on May 7, 2024, the Company entered into a second interest rate cap transaction (the "2024 Interest Rate Cap" and, together with the 2022 Interest Rate Cap, the "Interest Rate Caps") in connection with the 2022 Term Loan Facility, with a notional amount of $400 million. The 2024 Interest Rate Cap expires on July 31, 2026.

The Interest Rate Caps were designated as cash flow hedges. For derivatives designated, and that qualify, as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income and subsequently reclassified into Interest expense in the same period(s) during which the hedged transaction affects earnings, as documented at hedge inception in accordance with the Company's accounting policy election. The Interest Rate Caps assets are measured at fair value on a recurring basis. Although the Company has determined that the majority of the inputs used to value the Interest Rate Caps fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with the Interest Rate Caps utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and its counterparties. The Company has determined that the impact of the credit valuation adjustments made to the Interest Rate Caps were not significant to the overall valuation. As a result, the Interest Rate Caps as of June 30, 2024 and the 2022 Interest Rate Cap as of December 31, 2023 were classified as Level 2 of the fair value hierarchy.

The Company's assets measured at fair value on a recurring basis and subject to fair value disclosure requirements at June 30, 2024 and December 31, 2023 were as follows:

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
Current Assets				
2022 Interest Rate Cap at June 30, 2024	$ 443	$ —	$ 443	$ —
Other Assets				
2024 Interest Rate Cap at June 30, 2024	$ 1,151	$ —	$ 1,151	$ —
Other Assets				
2022 Interest Rate Cap at December 31, 2023	$ 2,391	$ —	$ 2,391	$ —

NOTE 6 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are comprised of the following:

	June 30, 2024			
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Brand name	25 years	$ 952,000	$ (170,515)	$ 781,485
Product formulations	15 years	136,500	(40,632)	95,868
Customer relationships	20 years	53,000	(11,866)	41,134
Software	3-15 years	7,947	(3,008)	4,939
Total finite-lived intangibles		1,149,447	(226,021)	923,426
Goodwill	Indefinite	168,300	—	168,300
Total goodwill and other intangibles		$ 1,317,747	$ (226,021)	$ 1,091,726

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

The amortization of the Company's brand name, customer relationships and software is recorded to Amortization of other intangible assets in the Condensed Consolidated Statements of Operations and Comprehensive Income. A portion of Amortization of patented formulations is capitalized to Inventory in the Condensed Consolidated Balance Sheets, and the remainder is recorded to Amortization of patented formulations in the Condensed Consolidated Statements of Operations and Comprehensive Income.

Amortization of the Company's definite-lived intangible assets for the three and six months ended June 30, 2024 and 2023 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Amortization of patented formulations	$ 2,302	$ 1,964	$ 4,489	$ 3,706
Amortization expense, brand name and customer relationships	$ 10,183	$ 10,186	$ 20,365	$ 20,368
Amortization expense, software	553	138	1,660	279
Amortization of other intangible assets	10,736	10,324	22,025	20,647
Amortization of patented formulations capitalized to inventory	$ (27)	$ 303	61	828

NOTE 7 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses as of June 30, 2024 and December 31, 2023 consisted of the following:

	June 30, 2024	December 31, 2023
Accrued professional fees	$ 4,590	$ 4,133
Payroll liabilities	4,835	4,639
Accrued freight	2,497	1,229
Accrued advertising	5,620	6,348
Deferred revenue	1,125	1,051
Accrued interest	419	431
Other accrued expenses and current liabilities	3,419	2,745
Accrued expenses and other current liabilities	$ 22,505	$ 20,576

NOTE 8 - LONG-TERM DEBT

The Company's Long-Term Debt as of June 30, 2024 and December 31, 2023 consisted of the following:

	June 30, 2024	December 31, 2023
Long-term debt		
Credit Agreement, dated as of February 23, 2022 (the "2022 Credit Agreement")		
$675 Million 7-Year Senior Secured Term Loan Facility (the "2022 Term Loan Facility")	$ 659,812	$ 663,188
$150 Million 5-Year Senior Secured Revolving Credit Facility (the "2022 Revolver")[(1)]	—	—
Debt issuance costs	(6,695)	(7,415)
Total term loan debt	653,117	655,773
Less: Current portion	(6,750)	(6,750)
Long-term debt, net of debt issuance costs and current portion	$ 646,367	$ 649,023

[(1)] As of June 30, 2024 and December 31, 2023, the Company did not have outstanding amounts drawn on the 2022 Revolver, including letters of credit and swingline loan sub-facilities. As of June 30, 2024, the Company had $150 million of available borrowing capacity under the 2022 Revolver.

The interest rate on outstanding debt under the 2022 Term Loan Facility was 8.9% per annum as of June 30, 2024. The interest rates for all facilities under the 2022 Credit Agreement are calculated based upon the Company's election among (a) an adjusted term secured overnight financing rate ("SOFR") (subject to a 0.50% floor with respect to the 2022 Term Loan Facility, and a 0% floor with respect to the 2022 Revolver) plus an additional interest rate spread, (b) with respect to a borrowing in Euros under the 2022 Revolver, a euro interbank offered rate (subject to a 0% floor) plus an additional interest rate spread, or (c) an "Alternate Base Rate" (as defined in the 2022 Credit Agreement) (subject to a 1.50% floor with respect to the 2022 Term Loan Facility, and a 1.00% floor with respect to the 2022 Revolver) plus an additional interest rate spread.

Interest expense, net of interest income and inclusive of debt amortization, for the three months ended June 30, 2024 and June 30, 2023 was $8.3 million and $10.2 million, respectively, and for the six months ended June 30, 2024 and June 30, 2023 was $16.6 million and $20.7 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 June 30, 2024, the carrying amount of the Company's long-term debt under the 2022 Credit Agreement was $653.1 million, and the fair value of the Company's long-term debt was $633.4 million. As of December 31, 2023, the carrying amount of the Company's long-term debt under the 2022 Credit Agreement was $655.8 million, and the fair value of the Company's long-term debt was $615.1 million.

The 2022 Credit Agreement includes, among other things, customary negative and affirmative covenants (including reporting, financial and maintenance covenants) and events of default (including a change of control) for facilities of this type. In addition, the 2022 Credit Agreement includes a springing first lien leverage ratio financial covenant, which is applicable only to the lenders under the 2022 Revolver. The Company was in compliance with these affirmative and negative covenants on June 30, 2024 and December 31, 2023. The 2022 Term Loan Facility and the 2022 Revolver are secured by substantially all of the assets of Olaplex, Inc. and the other guarantors, subject to certain exceptions and thresholds.

Interest Rate Cap Transactions

The Company's results are subject to risk from interest rate fluctuations on borrowings under the 2022 Credit Agreement, including the 2022 Term Loan Facility. The Company may, from time to time, utilize interest rate derivatives in an effort to add stability to interest expense and to manage its exposure to interest rate movements.

On August 11, 2022, the Company entered into the 2022 Interest Rate Cap with a notional value of $400.0 million in connection with the 2022 Term Loan Facility. The 2022 Interest Rate Cap expired on July 31, 2024.

On May 7, 2024, the Company entered into the 2024 Interest Rate Cap with a notional value of $400.0 million (amortizing to $200.0 million, commencing August 29, 2025) in connection with the 2022 Term Loan Facility. The 2024 Interest Rate

Cap expires on July 31, 2026. Fair value and the related classification of the Company’s Interest Rate Caps are discussed in “Note 5 - Fair Value Measurement”.

During the three and six months ended June 30, 2024, the Company’s Interest Rate Caps generated an unrecognized pre-tax loss of $1.4 million and $1.9 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 $2.7 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 with respect to the 2022 Interest Rate Cap, partially offset by $0.3 million and $0.6 million, respectively, of interest expense related to amortization of the interest rate cap premiums paid by the Company in connection with the Interest Rate Caps.

During the three and six months ended June 30, 2023, the Company’s 2022 Interest Rate Cap generated an unrecognized pre-tax loss of $1.7 million and $1.0 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 $0.9 million and $1.5 million reduction, respectively, in interest expense related the Company’s receipt of funds as a result of an interest rate cap settlement with the Company’s counterparty, partially offset by $0.3 million and $0.5 million, respectively, related to amortization of the interest rate cap premium paid by the Company in connection with the 2022 Interest Rate Cap.

The Company performed an initial effectiveness assessment on the Interest Rate Caps and determined each 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 Caps will be recorded in interest expense along with the interest on amounts outstanding under the 2022 Term Loan Facility. Payments of the up-front premiums of the Interest Rate Caps are included within other current assets and other assets and liabilities within cash flows from operating activities on the Company’s Condensed Consolidated Statements of Cash Flows.

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

NOTE 9 - EQUITY

During the six months ended June 30, 2024, the Company issued 1,098,285 shares of its common stock, of which 297,945 shares were issued as a result of stock options exercised and 800,340 shares were issued upon vesting of restricted stock units.

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

Additionally, during the six months ended June 30, 2023, the Company issued 4,413,328 shares of its common stock as a result of stock options exercised.

NOTE 10 - RELATED PARTY TRANSACTIONS

In August 2023, the Company entered into an agreement with Pacvue Corporation, an e-commerce advertising and software company, in which certain investment funds affiliated with Advent International L.P., the holder of a majority of the Company’s common stock (collectively the “Advent Funds”), hold a greater than 10% equity interest. During the three and six months ended June 30, 2024, the Company paid Pacvue Corporation $91 thousand and $263 thousand, respectively. No payments were made to Pacvue Corporation during the three and six months ended June 30, 2023.

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 and six months ended June 30, 2024, the Company made a payment of $12.6 million, and during the three and six months ended June 30, 2023, the Company made a payment of $16.6 million to the Pre-IPO Stockholders, as required pursuant to the terms of the Tax Receivable Agreement.

NOTE 11 - CONTINGENCIES

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

Pending Legal Proceedings:

On November 17, 2022, a putative securities class action was filed against the Company and certain of its current and former officers and directors in the United States District Court for the Central District of California, captioned *Lilien v. Olaplex Holdings, Inc. et al.*, No. 2:22-cv-08395. A consolidated complaint was filed on April 28, 2023, which names as additional defendants the underwriters for the Company's IPO and various stockholders that sold shares of common stock of the Company in the IPO. The action is brought on behalf of a putative class of purchasers of the Company's common stock in or traceable to the Company's IPO and asserts claims under Sections 11, 12, and 15 of the Securities Act of 1933. The action seeks certification of the putative class, compensatory damages, attorneys' fees and costs, and any other relief that the court determines is appropriate. The defendants moved to dismiss the consolidated complaint on July 19, 2023. The court held hearings on the defendants' motions to dismiss on October 16, 2023 and July 1, 2024. A decision has yet to be issued. The underwriter defendants have notified the Company of their intent to seek indemnification from the Company pursuant to the IPO underwriting agreement regarding the claims asserted in this action. The Company intends to vigorously defend the pending lawsuit.

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

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

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

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

As of June 30, 2024 and December 31, 2023, the Company was not subject to any other currently pending legal matters or claims that could have a material adverse effect on its financial position, results of operations, or cash flows should such litigation be resolved unfavorably.

NOTE 12 – NET INCOME PER SHARE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net income	$ 5,779	$ 6,156	$ 13,525	$ 27,120
Denominator:				
Weighted average common shares outstanding – basic	661,734,667	654,345,056	661,278,793	653,045,245
Dilutive common equivalent shares from common stock equivalents	1,810,591	26,004,105	2,237,906	29,062,487
Weighted average common shares outstanding – diluted	663,545,258	680,349,161	663,516,699	682,107,732
Net income per share:				
Basic	$ 0.01	$ 0.01	$ 0.02	$ 0.04
Diluted	$ 0.01	$ 0.01	$ 0.02	$ 0.04

Options to purchase 10,269,710 and 9,578,809 shares of the Company's common stock for the three and six months ended June 30, 2024, respectively, and options to purchase 2,965,541 and 1,459,061 shares of the Company's common stock for the three and six months ended June 30, 2023, respectively, were not included in the computation of diluted net income per share because the exercise prices of these options were greater than the average market price per share of the Company's common stock for the applicable period, and therefore would have been anti-dilutive.

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

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

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

Company Overview

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

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

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

Strategic Pillars

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

Igniting our Global Brand

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

Disrupting with Innovation

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

Amplifying Channel Coverage

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

Charting New Geographies

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

Supporting our Strategic Pillars

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

Business Environment & Trends

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

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

Second Quarter 2024 Financial Summary

- Net sales decreased 4.8% from $109.2 million in the three months ended June 30, 2023 to $103.9 million in the three months ended June 30, 2024. For the three months ended June 30, 2024, net sales in our professional channel decreased 18.4%, our specialty retail channel increased 22.4% and our DTC channel decreased 11.5%, in each case as compared to the three months ended June 30, 2023.
- Gross profit margin decreased from 70.9% in the three months ended June 30, 2023 to 69.7% in the three months ended June 30, 2024, primarily as a result of an expansion of our customer sampling program, product and channel mix and increased promotional allowance, partially offset by decreases in warehouse and distribution costs and a lower reserve for product obsolescence.
- Operating expenses for the three months ended June 30, 2024 decreased by 4.4%, as compared to the three months ended June 30, 2023, primarily as a result of lower professional fees, and lower non-payroll related marketing and advertising expenses, partially offset by an increase in payroll costs due to workforce expansion and merit increases, higher distribution and fulfillment costs and increased technology investments in the three months ended June 30, 2024.
- Operating income decreased from $18.8 million for the three months ended June 30, 2023 to $16.3 million for the three months ended June 30, 2024.
- Net income decreased from $6.2 million for the three months ended June 30, 2023 to $5.8 million for the three months ended June 30, 2024.

Year to Date 2024 Financial Summary

- Net sales decreased 9.0% from $223.0 million in the six months ended June 30, 2023 to $202.8 million in the six months ended June 30, 2024. For the six months ended June 30, 2024, net sales in our professional channel decreased 19.2%, our specialty retail channel increased 9.6% and our DTC channel decreased 13.4%, in each case as compared to the six months ended June 30, 2023.
- Gross profit margin decreased from 71.0% in the six months ended June 30, 2023 to 70.9% in the six months ended June 30, 2024, primarily as a result of an expansion of our customer sampling program, product and channel mix, increased promotional allowance and higher input costs for raw materials, partially offset by decreases in warehouse and distribution costs and a lower reserve for product obsolescence.
- Operating expenses for the six months ended June 30, 2024 increased by 3.8%, as compared to the six months ended June 30, 2023, primarily as a result of an increase in payroll costs due to workforce expansion and merit increases, higher distribution and fulfillment costs, higher employee benefit costs and increased technology investments, partially offset by lower professional fees and lower non-payroll related marketing and advertising expenses incurred in the six months ended June 30, 2024.
- Operating income decreased from $54.3 million for the six months ended June 30, 2023 to $35.9 million for the six months ended June 30, 2024.
- Net income decreased from $27.1 million for the six months ended June 30, 2023 to $13.5 million for the six months ended June 30, 2024.

Results of operations

Comparison of the Three Months Ended June 30, 2024 to the Three Months Ended June 30, 2023

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

	Three Months Ended June 30,			
	2024		2023	
	(in thousands)	% of Net sales	(in thousands)	% of Net sales
Net sales	$ 103,943	100.0 %	$ 109,241	100.0 %
Cost of sales:				
Cost of product (excluding amortization)	29,204	28.1	29,781	27.3
Amortization of patented formulations	2,302	2.2	1,964	1.8
Total cost of sales	31,506	30.3	31,745	29.1
Gross profit	72,437	69.7	77,496	70.9
Operating expenses:				
Selling, general, and administrative	45,423	43.7	48,413	44.3
Amortization of other intangible assets	10,736	10.3	10,324	9.5
Total operating expenses	56,159	54.0	58,737	53.8
Operating income	16,278	15.7	18,759	17.2
Interest expense	(14,594)	(14.0)	(14,674)	(13.4)
Interest income	6,259	6.0	4,468	4.1
Other expense, net	(264)	(0.3)	(600)	(0.5)
Income before provision for income taxes	7,679	7.4	7,953	7.3
Income tax provision	1,900	1.8	1,797	1.6
Net income	$ 5,779	5.6	$ 6,156	5.6

Net Sales

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

(in thousands)	**Three Months Ended June 30,**			
	2024	**2023**	**$ Change**	**% Change**
Net sales by Channel:				
Professional	$ 33,416	$ 40,940	$ (7,524)	(18.4)%
Specialty retail	36,424	29,767	6,657	22.4 %
DTC	34,103	38,534	(4,431)	(11.5)%
Total Net sales	$ 103,943	$ 109,241	$ (5,298)	(4.8)%

Total net sales declined 4.8% in the three months ended June 30, 2024 compared to the same period in 2023, primarily attributed to a lower level of demand. This decline was partially offset by our launch of Browbond® Building Serum and prior year launches of No. 5P Blonde Enhancer™ Toning Conditioner, Jumbo No. 4P Blonde Enhancer™ Toning Shampoo and Jumbo No. 5P Blonde Enhancer™ Toning Conditioner, as well as the impact of new customers within each channel. Net sales declined primarily in the United Kingdom and certain key markets in continental Europe, partially offset by increases in the United States and Canada.

Cost of Sales and Gross Profit

(in thousands)	**Three Months Ended June 30,**			
	2024	**2023**	**$ Change**	**% Change**
Cost of sales	$ 31,506	$ 31,745	$ (239)	(0.8)%
Gross profit	$ 72,437	$ 77,496	$ (5,059)	(6.5)%

Our cost of sales decreased primarily due to a decrease in product sales, decrease in warehouse and distribution costs and a decrease in write-off for product obsolescence in the three months ended June 30, 2024. The Company recorded $1.6 million in inventory write-offs during the three months ended June 30, 2024 as compared to $3.6 million recorded during the three months ended June 30, 2023. The cost of sales decline was partially offset by an expansion of our customer sampling program, as well as product mix and channel mix in the three months ended June 30, 2024.

As a result of the activity described above, our gross profit margin decreased from 70.9% in the three months ended June 30, 2023 to 69.7% in the three months ended June 30, 2024.

Operating Expenses

(in thousands)	**Three Months Ended June 30,**			
	2024	**2023**	**$ Change**	**% Change**
Selling, general, and administrative expenses	$ 45,423	$ 48,413	$ (2,990)	(6.2)%
Amortization of other intangible assets	10,736	10,324	412	4.0 %
Total operating expenses	$ 56,159	$ 58,737	$ (2,578)	(4.4)%

The decrease in selling, general and administrative expenses was primarily driven by a decrease of $5.7 million in professional fees and $3.3 million in non-payroll related marketing and advertising expenses, partially offset by an increase of $3.8 million in payroll costs driven by workforce expansion and merit increases, $0.9 million in distribution and fulfillment costs and $0.8 million in technology investments incurred during the three months ended June 30, 2024.

Interest Expense, Net

(in thousands)	**Three Months Ended June 30,**			
	2024	**2023**	**$ Change**	**% Change**
Interest expense	$ (14,594)	$ (14,674)	$ 80	(0.5)%
Interest income	$ 6,259	$ 4,468	$ 1,791	40.1 %
Interest expense, net	$ (8,335)	$ (10,206)	$ 1,871	(18.3)%

Interest income for the three months ended June 30, 2024 increased as compared to the previous year due to additional investments in highly liquid investments with a maturity of three months or less.

Other Expense, Net

(in thousands)	**Three Months Ended June 30,**			
	2024	**2023**	**$ Change**	**% Change**
Other expense, net	$ (264)	$ (600)	$ 336	(56.0)%

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

Income Tax Provision

(in thousands)	**Three Months Ended June 30,**			
	2024	**2023**	**$ Change**	**% Change**
Income tax provision	$ 1,900	$ 1,797	$ 103	5.7 %

Our effective tax rate increased to 24.7% for the three months ended June 30, 2024, as compared to 22.6% for the three months ended June 30, 2023, primarily due to a shortfall associated with the vesting of the restricted stock units.

Our effective tax rate for the three months ended June 30, 2024 is higher than the statutory rate of 21% primarily due to the effect of state income taxes and a discrete tax expense from restricted stock units vested during the period, partially offset by the foreign derived intangible income ("FDII") deduction, 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 June 30, 2023 was higher than the statutory tax rate of 21% due to the effect of state income taxes, partially offset by the FDII deduction.

Results of operations

Comparison of the Six Months Ended June 30, 2024 to the Six Months Ended June 30, 2023

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

	Six Months Ended June 30,			
	2024		2023	
	(in thousands)	% of Net sales	(in thousands)	% of Net sales
Net sales	$ 202,849	100.0 %	$ 223,028	100.0 %
Cost of sales:				
Cost of product (excluding amortization)	54,580	26.9	61,016	27.4
Amortization of patented formulations	4,489	2.2	3,706	1.7
Total cost of sales	59,069	29.1	64,722	29.0
Gross profit	143,780	70.9	158,306	71.0
Operating expenses:				
Selling, general, and administrative	85,860	42.3	83,337	37.4
Amortization of other intangible assets	22,025	10.9	20,647	9.3
Total operating expenses	107,885	53.2	103,984	46.6
Operating income	35,895	17.7	54,322	24.4
Interest expense	(29,098)	(14.3)	(28,591)	(12.8)
Interest income	12,462	6.1	7,842	3.5
Other expense, net	(1,211)	(0.6)	(358)	(0.2)
Income before provision for income taxes	18,048	8.9	33,215	14.9
Income tax provision	4,523	2.2	6,095	2.7
Net income	$ 13,525	6.7	$ 27,120	12.2

Net Sales

Net sales by channel for the six months ended June 30, 2024 and June 30, 2023 were as follows:

(in thousands)	Six Months Ended June 30,			
	2024	2023	$ Change	% Change
Net sales by Channel:				
Professional	$ 72,162	$ 89,337	$ (17,175)	(19.2)%
Specialty retail	70,856	64,626	6,230	9.6 %
DTC	59,831	69,065	(9,234)	(13.4)%
Total Net sales	$ 202,849	$ 223,028	$ (20,179)	(9.0)%

Total net sales declined 9.0% in the six months ended June 30, 2024 compared to the same period in 2023, primarily attributed to a lower level of demand. This decline was partially offset by our launch of Browbond® Building Serum and prior year launches of No. 5P Blonde Enhancer™ Toning Conditioner, Jumbo No. 4P Blonde Enhancer™ Toning Shampoo and Jumbo No. 5P Blonde Enhancer™ Toning Conditioner, as well as the impact of new customers within each channel. Net sales declined primarily in the United Kingdom and certain key markets in continental Europe, partially offset by increases in the United States and in Latin America.

Cost of Sales and Gross Profit

(in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
Cost of sales	$ 59,069	$ 64,722	$ (5,653)	(8.7)%
Gross profit	$ 143,780	$ 158,306	$ (14,526)	(9.2)%

Our cost of sales decreased primarily due to a decrease in product sales, decrease in warehouse and distribution costs and a decrease in write-off for product obsolescence in the six months ended June 30, 2024. The Company recorded $2.5 million in inventory write-offs during the six months ended June 30, 2024 as compared to $6.2 million recorded during the six months ended June 30, 2023. The cost of sales decline was partially offset by an expansion of our customer sampling program, as well as product mix and channel mix and higher input costs for raw materials in the six months ended June 30, 2024.

As a result of the activity described above, our gross profit margin decreased from 71.0% in the six months ended June 30, 2023 to 70.9% in the six months ended June 30, 2024.

Operating Expenses

(in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
Selling, general, and administrative expenses	$ 85,860	$ 83,337	$ 2,523	3.0 %
Amortization of other intangible assets	22,025	20,647	1,378	6.7 %
Total operating expenses	$ 107,885	$ 103,984	$ 3,901	3.8 %

The increase in selling, general and administrative expenses was primarily driven by an increase of $5.8 million in payroll costs driven by workforce expansion and merit increases, $2.1 million in distribution and fulfillment costs, $1.3 million in technology investments, and $1.3 million of employee benefit costs, partially offset by a decrease of $6.2 million in professional fees and $2.4 million of non-payroll related marketing and advertising expenses during the six months ended June 30, 2024.

Interest Expense, Net

(in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
Interest expense	$ (29,098)	$ (28,591)	$ (507)	1.8 %
Interest income	$ 12,462	$ 7,842	$ 4,620	58.9 %
Interest expense, net	$ (16,636)	$ (20,749)	$ 4,113	(19.8)%

Interest expense for the six months ended June 30, 2024 increased as compared to the previous year due to an increase in interest rates, which was partially offset by benefits from the 2022 Interest Rate Cap. See “Liquidity and Capital Resources Requirements – 2022 Credit Facility” for additional information on our outstanding debt.

Interest income for the six months ended June 30, 2024 increased as compared to the previous year due to increasing interest rates and additional investments in highly liquid investments with a maturity of three months or less.

Other Expense, Net

(in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	$ Change	% Change
Other expense, net	$ (1,211)	$ (358)	$ (853)	238.3 %

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

Income Tax Provision

(in thousands)	Six Months Ended June 30,			
	2024	2023	$ Change	% Change
Income tax provision	$ 4,523	$ 6,095	$ (1,572)	(25.8)%

Our effective tax rate increased to 25.1% for the six months ended June 30, 2024, as compared to 18.4% for the six months ended June 30, 2023. The increase in the effective tax rate for the six months ended June 30, 2024 is primarily due to the impact of a discrete tax expense for interest associated with income taxes and a shortfall associated with the vesting of the restricted stock units during the period, compared to a discrete tax benefit from stock option exercises during the six months ended June 30, 2023.

Our effective tax rate for the six months ended June 30, 2024 was higher than the statutory rate of 21% primarily due to the impact of the discrete tax expense for interest associated with income taxes, the effect of state income taxes and a discrete tax expense from restricted stock units vested during the period, partially offset by the FDII deduction. Our effective tax rate for the six months ended June 30, 2023 was lower than the statutory tax rate of 21% primarily due to the benefit associated with the FDII deduction, as well as a discrete tax benefit from stock option exercises. These benefits were partially offset by the net impact of state income taxes.

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 June 30, 2024, we had $507.9 million of cash and cash equivalents. In addition, as of June 30, 2024, we had borrowing capacity of $150.0 million under the 2022 Revolver, plus $75.9 million of working capital excluding cash and cash equivalents for a combined liquidity position of $733.8 million.

Cash Flows

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

(in thousands)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net cash provided by (used in):		
Operating activities	$ 59,949	$ 75,087
Investing activities	(2,178)	(1,996)
Financing activities	(16,246)	(17,481)
Net increase in cash and cash equivalents:	$ 41,525	$ 55,610

Operating Activities

The change in net cash provided by operating activities during the six months ended June 30, 2024 compared to the same period in 2023 was primarily a result of a decrease in net income of $13.6 million, lower inventory write-offs and disposal adjustments, as well as decreased deferred taxes, partially offset by increased share based compensation expense, as well as higher amortization of intangible assets.

Investing Activities

Our investing activities included purchases of software and property and equipment during the six months ended June 30, 2024. Our investing activities included purchases of software, intangibles and property and equipment during the six months ended June 30, 2023.

Financing Activities

Our financing activities for the six months ended June 30, 2024 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 related to shares withheld and retired to cover the tax withholding obligations for vested restricted stock units, partially offset by cash received by the Company from stock option exercises. For the six months ended June 30, 2023, our financing activities 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 related to shares withheld and retired to cover the tax withholding obligations and exercise price for SARs, partially offset by cash received by the Company from stock option exercises.

Liquidity and Capital Resources Requirements

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

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

2022 Credit Facility

As of June 30, 2024, we had outstanding indebtedness under the 2022 Credit Agreement of $659.8 million, of which $6.8 million was classified as current. As of June 30, 2024, we had $150.0 million of available borrowing capacity under the 2022 Revolver.

The interest rate on outstanding amounts under the 2022 Term Loan Facility was 8.9% per annum as of June 30, 2024. We have not drawn on the 2022 Revolver as of June 30, 2024. The 2022 Term Loan Facility is repayable in mandatory quarterly installments equal to $1.6 million, with the balance payable at maturity. The maturity date of the 2022 Term Loan Facility is February 23, 2029, and the maturity date of the 2022 Revolver is February 23, 2027.

The 2022 Credit Agreement contains a number of covenants that, among other things, restrict the Company's ability to (subject to certain exceptions) pay dividends and distributions or repurchase its capital stock, incur additional indebtedness, create liens on assets, engage in mergers or consolidations and sell or otherwise dispose of assets. The 2022 Credit Agreement also includes reporting, financial and maintenance covenants, including a springing first lien leverage ratio financial covenant. The Company was in compliance with these affirmative and negative covenants on June 30, 2024 and December 31, 2023. Substantially all the assets of the Company constitute collateral under the 2022 Credit Agreement.

On August 11, 2022, we entered into an interest rate cap transaction (the "2022 Interest Rate Cap") in connection with the 2022 Term Loan Facility, with a notional amount of $400.0 million, in order to limit our exposure to potential increases in future interest rates related to the 2022 Term Loan Facility. The 2022 Interest Rate Cap expired on July 31, 2024.

On May 7, 2024, in advance of the expiration of the 2022 Interest Rate Cap, we entered into a second interest rate cap transaction (the "2024 Interest Rate Cap" and, together with the 2022 Interest Rate Cap, the "Interest Rate Caps") in connection with the 2022 Term Loan Facility, with a notional amount of $400.0 million, amortizing to $200.0 million on August 29, 2025. The 2024 Interest Rate Cap expires on July 31, 2026. We have designated the Interest Rate Caps as cash-flow hedges for accounting purposes.

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

Tax Receivable Agreement Obligations

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

The Tax Receivable Agreement liability is calculated based on current tax laws and the assumption that we and our subsidiaries will earn sufficient taxable income to realize the full tax benefits subject to the Tax Receivable Agreement. Updates to our blended state tax rate, allocation of U.S. versus foreign sourced income and changes in tax rules on the amortization and depreciation of assets may significantly impact the established liability and changes would be recorded to other (expense) income in the period we made the determination. We expect that future payments under the Tax Receivable Agreement relating to the Pre-IPO Tax Assets could aggregate to $185.4 million over the 11-year remaining period under the Tax Receivable Agreement. Payments under the Tax Receivable Agreement, which began in the year ended December 31, 2022, are not conditioned upon the parties' continued ownership of equity in the Company.

Contractual Obligations and Commitments

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

Critical Accounting Policies and Estimates

Our unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that we believe to be reasonable. Actual results may differ from those estimates. We review these estimates on a periodic basis to ensure reasonableness. Although actual amounts may differ from such estimated amounts, we believe such differences are not likely to be material. For additional detail regarding our critical accounting policies including revenue recognition, inventory, and the Tax Receivable Agreement, see our discussion for the year ended December 31, 2023 in the 2023 Form 10-K. There have been no material changes to these policies in the six months ended June 30, 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

Our results are subject to risk from interest rate fluctuations on borrowings under the 2022 Credit Agreement. Our borrowings bear interest at a variable rate; therefore, we are exposed to market risks relating to changes in interest rates. Interest rate changes generally affect the amount of our interest payments and, therefore, our future earnings and cash flows. As of June 30, 2024, we had $659.8 million of outstanding variable rate loans under the 2022 Term Loan Facility. Based on our June 30, 2024 variable rate loan balances, an increase or decrease of 1% in the effective interest rate would cause an increase or decrease in interest cost of approximately $6.6 million over the next 12 months.

Interest Rate Caps

On August 11, 2022 and on May 7, 2024, we entered into the Interest Rate Caps in connection with the 2022 Term Loan Facility, as more fully described in “Note 8 - Long-Term Debt” in the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1. Financial Statements of this Quarterly Report. We use the Interest Rate Caps to add stability to interest expense and to manage our exposure to interest rate movements. The fair value of the Interest Rate Caps is measured at the end of each reporting period using observable inputs other than quoted prices. The fair value of the Interest Rate Caps recorded in other current assets and other assets at June 30, 2024 was $0.4 million and $1.2 million, respectively. A hypothetical 50 basis point increase in interest rates would result in an increase to the fair value of the Interest Rate Caps of approximately $1.5 million. A hypothetical 50 basis point decrease in interest rates would result in a decrease to the fair value of the Interest Rate Caps of approximately $0.8 million.

Inflation

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

Foreign Exchange Risk

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and to ensure that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well-designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Interim Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report. Based on that evaluation, our Chief Executive Officer and Interim Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2024.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

ITEM 1A. RISK FACTORS

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

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(c) During the three months ended June 30, 2024, no director or “officer” (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	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)).
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of Olaplex Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on June 14, 2024 (File No. 001-40860)).
3.3	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)).
10.1#	Engagement Letter, dated April 3, 2024, by and between Alvarez & Marsal Private Equity Performance Improvement Group, LLC and Olaplex Holdings, Inc.
31.1	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.
31.2	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.
32.1†	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.
32.2†	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.
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.		
	By:	/s/ Amanda Baldwin	
August 6, 2024		Name:	Amanda Baldwin
		Title:	Chief Executive Officer
			(Principal Executive Officer)
	By:	/s/ Paul Kosturos	
August 6, 2024		Name:	Paul Kosturos
		Title:	Interim Chief Financial Officer
			(Principal Financial Officer)

Alvarez & Marsal Private Equity
Performance Improvement Group, LLC
600 Madison Avenue, 8th Floor
New York, NY 10022
Phone: +1 212 759 4433
Fax: +1 212 759 5532

Exhibit 10.1

April 3, 2024

Olaplex Holdings, Inc.
C/O Amanda Baldwin
1178 Coast Village Rd. Suite 1-520
Santa Barbara, CA 93108

Dear Amanda:

This letter confirms and sets forth the terms and conditions of the engagement between Alvarez & Marsal Private Equity Performance Improvement Group, LLC ("A&M") and Olaplex Holdings, Inc., and its assigns and successors (the "Company"), including the scope of the services to be performed and the basis of compensation for those services. Upon execution of this letter by each of the parties below, this letter will constitute an agreement between the Company and A&M (the "Agreement").

1. Description of Services

(a) Officers. In connection with this engagement, A&M shall make available to the Company:

(i) Paul Kosturos to serve, from time to time as determined by the Board of the Company, as the Company's Interim Chief Financial Officer (the "CFO"); and

(ii) Upon the mutual written agreement (email to suffice) of A&M and the Company's Chief Executive Officer, Chief People Officer or General Counsel, A&M will provide additional employees of A&M and/or its affiliates and wholly-owned subsidiaries ("Additional Personnel") as required (collectively, with the CFO, the "Engagement Personnel"), to assist the CFO in the execution of the duties set forth more fully herein.

(b) Duties.

(i) Lead the finance/accounting departments who are responsible for the financial aspects of the Company, IT departments who are responsible for the IT systems of the Company and operations departments which includes procurement;

(ii) Manage the monthly and quarterly reporting, including all public reporting requirements and analysis process to facilitate delivery of monthly and quarterly reporting packets including the identification of key performance indicators, drivers of operating performance and as needed, updated financial forecast;

(iii) Assist the Company with shareholder and lender communications and material preparation, as needed;

(iv) Assist with the selection and placement of his successor, as requested; and

(v) Perform such other services as requested or directed by the CEO or board of the directors of the Company (the "Board") or other Company personnel as authorized by the Board, and agreed to by A&M.

(c) The Engagement Personnel shall report to the CEO or other applicable officers, as directed by the CEO and, at the request of the Board, will make recommendations to and consult with the Board.

(d) The Engagement Personnel will continue to be employed by A&M and, while rendering services to the Company, will continue to work with other personnel at A&M in connection with unrelated matters that will not (i) unduly interfere with the services rendered by the Engagement Personnel pursuant to this Agreement or (ii) involve any Company confidential information. With respect to the Company, however, the Engagement Personnel shall operate under the direction of the CEO and A&M shall have no liability to the Company for any acts or omissions of the Engagement Personnel related to the performance or non-performance of services at the direction of the CEO and consistent with the requirements of the Engagement and this Agreement.

2. Information Provided by Company and Forward Looking Statements. The Company shall use all reasonable efforts to: (i) provide the Engagement Personnel with access to management and other representatives of the Company; and (ii) to furnish all data, material, and other information concerning the business, assets, liabilities, operations, cash flows, properties, financial condition and prospects of the Company that Engagement Personnel reasonably require in connection with the services to be provided to the Company. Other than finance and accounting information that is overseen by the CFO, the Engagement Personnel shall rely, without further independent verification, on the accuracy and completeness of all publicly available information that is furnished by or on behalf of the Company and otherwise reviewed by Engagement Personnel in connection with the services performed for the Company. The Company acknowledges and agrees that the Engagement Personnel are not responsible for the accuracy or completeness of such information and shall not be responsible for any inaccuracies or omissions therein. A&M and Engagement Personnel are under no obligation to update data submitted to them or to review any other areas unless specifically requested by the Board to do so.

You understand that the services to be rendered by the Engagement Personnel may include the preparation of projections and other forward-looking statements, and numerous factors can affect the actual results of the Company's operations, which may materially and adversely differ from those projections. In addition, Engagement

Personnel will be relying on information provided by the Company in the preparation of those projections and other forward-looking statements.

3. [Reserved]

4. Compensation.

(a) A&M fees for the scope of Services described in this Statement of Work will be based on actual time and materials and are estimated to be approximately $38,000 per week, plus reasonable and documented expenses. Invoices will be presented monthly with amounts billed for the preceding period for fees incurred to date.

The Client understands and acknowledges that A&M can and will adjust its standard rates upon written notice to the Client from time-to-time to reflect the increasing experience levels of its employees and the occasional increases in the underlying costs of doing business which are an integral factor in the construction of our standard rates for each of our professionals.

(b) In addition, A&M will be reimbursed for its reasonable and documented out-of-pocket expenses incurred in connection with this assignment, such as travel, lodging, duplicating, messenger and telephone charges. All fees and expenses will be billed and payable on a monthly basis or, at A&M's discretion, more frequently. In addition, A&M charges a flat rate of 3% of hourly professional fees to cover otherwise unbilled items such as telephone and conferencing charges, computer use, technology and software license fees and other internal services. Invoices are due within 15 days of presentation.

5. Termination.

(a) This Agreement will apply from the commencement of the services referred to in Section 1 and may be terminated with immediate effect by either party without cause by written notice to the other party.

(b) A&M normally does not withdraw from an engagement unless the Company misrepresents or fails to disclose material facts, fails to pay fees or expenses, or makes it unethical or unreasonably difficult for A&M to continue performance of the engagement, or other just cause exists.

(c) On termination of the Agreement, any fees and expenses due to A&M shall be remitted promptly (including fees and expenses that accrued prior to but are invoiced subsequent to such termination).

(d) The provisions of this Agreement that give the parties rights or obligations beyond its termination shall survive and continue to bind the parties.

6. No Audit. Company acknowledges and agrees that A&M and Engagement Personnel are not being requested to perform an audit, review or compilation, or any other type of

financial statement reporting engagement that is subject to the rules of the AICPA, SEC or other state or national professional or regulatory body.

7. No Third Party Beneficiary. The Company acknowledges that all advice (written or oral) provided by A&M and the Engagement Personnel to the Company in connection with this engagement is intended solely for the benefit and use of the Company (limited to its Board and management) in considering the matters to which this engagement relates. The Company agrees that no such advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than accomplishing the tasks referred to herein without A&M's prior approval (which shall not be unreasonably withheld), except as required by law.

8. Conflicts. A&M is not currently aware of any relationship that would create a conflict of interest with the Company or those parties-in-interest of which you have made us aware . Because A&M and its affiliates and subsidiaries comprise a consulting firm (the "Firm") that serves clients on an international basis in numerous cases, both in and out of court, it is possible that the Firm may have rendered or will render services to, or have business associations with, other entities or people which had or have or may have relationships with the Company, including creditors of the Company. The Firm will not be prevented or restricted by virtue of providing the services under this Agreement from providing services to other entities or individuals, including entities or individuals whose interests may be in competition or conflict with the Company's, provided the Firm makes appropriate arrangements to ensure that the confidentiality of the Company's information is maintained. Each of the entities comprising the definition of Company (each, a "Company Entity") acknowledges and agrees that the services being provided hereunder are being provided on behalf of each of them and each of them hereby waives any and all conflicts of interest that may arise on account of the services being provided on behalf of any other Company Entity. Each Company Entity represents that it has taken all corporate action necessary and is authorized to waive such potential conflicts of interest.

9. Confidentiality/Non-Solicitation.

(a) A&M and Engagement Personnel shall keep as confidential all non-public information received from the Company in conjunction with this engagement, except: (i) as requested by the Company or its legal counsel in writing; (ii) as required by legal proceedings; or (iii) as reasonably required in the performance of this engagement. All obligations as to non-disclosure shall cease as to any part of such information to the extent that such information is, or becomes, public other than as a result of a breach of this provision.

(b) The Company agrees that, until eighteen (18) months subsequent to the termination of this engagement, it will not solicit, recruit, hire or otherwise engage any employee of A&M or any of its affiliates who worked on this engagement while employed by A&M or its affiliates ("Solicited Person"); or (ii) refer any Solicited Person for employment or other engagement by any of the Company's affiliates. Should the Company violate this Section 9, A&M shall be entitled to a fee from the Company equal to the Solicited Person's hourly client billing rate at the time of the offer multiplied by 4,000 hours for a Managing Director, 3,000 hours for a Senior Director and 2,000 hours for any other A&M employee. The Company acknowledges and agrees that this fee fairly represents the loss that A&M will suffer if the Company breaches this provision. The fee shall be payable at the time of the Solicited Person's acceptance of employment or engagement. Nothing in this Section 9(b) shall restrict Company from conducting general solicitations or advertisements not specifically directed at Solicited Persons provided that for the avoidance of doubt any hiring or engaging of a Solicited Person that occurs as a result thereof, shall be a breach of this Section 9(b).

10. Indemnification/Limitations on Liability. The Company shall indemnify the Engagement Personnel appointed by the Company's board of directors to act as officers of the Company (the "Indemnified Professionals") to the same extent as the most favorable indemnification it extends to its officers or directors, whether under the Company's bylaws, its certificate of incorporation, by contract or otherwise, and no reduction or termination in any of the benefits provided under any such indemnities shall affect the benefits provided to the Indemnified Professionals. The Indemnified Professionals shall be expressly covered as officers under the Company's existing director and officer liability insurance policy(ies) and such coverage shall be primary to any insurance or indemnification made available to the Indemnified Professionals by A&M or resulting from the Indemnified Professionals' employment with A&M. Prior to the effective date of this engagement and as a condition of A&M accepting this engagement, the Company shall make such policy(ies) and all amendments thereto available to A&M for review prior to A&M executing this Agreement. The Company shall also maintain such insurance coverage for the Indemnified Professionals for a period of not less than six years following the date of the termination of the Indemnified Professionals' services hereunder. Upon written request from A&M, Company shall furnish evidence of any subsequent renewals of the applicable policy(ies) and shall give thirty (30) days' prior written notice to A&M of cancellation, non-renewal, or material change in coverage, scope, or amount of such director and officer liability policy. The provisions of this section are in the nature of contractual obligations and no change in applicable law or the Company's charter, bylaws or other organizational documents or policies shall affect the Indemnified Professionals' rights hereunder. The attached indemnity and limitation on liability provisions are incorporated herein and the termination of this agreement or the engagement shall not affect those provisions, which shall remain in full force and effect.

11. Miscellaneous . This Agreement (together with the attached indemnity provisions), including, without limitation, the construction and interpretation of thereof and all claims, controversies and disputes arising under or relating thereto, shall be governed and construed in accordance with the laws of the State of New York, without regard to principles of conflict of law that would defer to the laws of another jurisdiction. The Company and A&M agree to waive trial by jury in any action, proceeding or counterclaim brought by or on behalf of the parties hereto with respect to any matter

relating to or arising out of the engagement or the performance or non-performance of A&M hereunder. The Company and A&M agree, to the extent permitted by applicable law, that any Federal Court sitting within the Southern District of New York shall have exclusive jurisdiction over any litigation arising out of this Agreement; to submit to the personal jurisdiction of the Courts of the United States District Court for the Southern District of New York; and to waive any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of New York for any litigation arising in connection with this Agreement

This Agreement shall be binding upon A&M and the Company, their respective successors, and assignees, and any successor, or assignee of a substantial portion of A&M's or the Company's respective businesses and/or assets, including any Chapter 11 Trustee. This Agreement and any separate confidentiality and non-disclosure agreement between the parties and/or their affiliates collectively incorporate the entire understanding of the parties with respect to the subject matter hereof and may not be amended or modified except in writing executed by the Company and A&M.

If the foregoing is acceptable to you, kindly sign the enclosed copy to acknowledge your agreement with its terms.

Very truly yours,

Alvarez & Marsal Private Equity Performance Improvement Group, LLC

By: /s/ Paul Kosturos
Paul Kosturos
Managing Director

Accepted and agreed:

Olaplex Holdings, Inc.

By: /s/ Amanda Baldwin
Amanda Baldwin
Chief Executive Officer

INDEMNIFICATION AND LIMITATION ON LIABILITY AGREEMENT

This indemnification and limitation on liability agreement is made part of an agreement, dated April 3, 2024 (which together with any renewals, modifications or extensions thereof, is herein referred to as the "Agreement") by and between Alvarez & Marsal Private Equity Performance Improvement Group, LLC ("A&M") and Olaplex Holdings, Inc. (the “Company”), for services to be rendered to the Company by A&M.

A. The Company agrees to indemnify and hold harmless each of A&M, its affiliates and their respective shareholders, members, managers, employees, agents, representatives and subcontractors (each, an "Indemnified Party" and collectively, the "Indemnified Parties") against any and all losses, claims, damages, liabilities, penalties, obligations and expenses, including reasonable costs of outside legal counsel and others as such counsel may reasonably require in investigating, preparing or defending any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing the Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Indemnified Parties' acceptance of or the performance or nonperformance of their obligations under the Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent (i) it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted directly from an Indemnified Party’s fraud, gross negligence or willful misconduct or (ii) is a claim brought by A&M against the Company. The Company also agrees that (a) no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with the engagement of A&M, except to the extent that any such liability for losses, claims, damages, liabilities or expenses are found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted directly from an Indemnified Party's fraud, gross negligence or willful misconduct and (b) in no event will any Indemnified Party have any liability to the Company for special, consequential, incidental or exemplary damages or loss (nor any lost profits, savings or business opportunity). The Company further agrees that it will not, without the prior consent of an Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Party seeks indemnification hereunder (whether or not such Indemnified Party is an actual party to such claim, action, suit or proceedings) unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liabilities arising out of such claim, action, suit or proceeding.

B. These indemnification provisions shall be in addition to any liability which the Company may otherwise have to the Indemnified Parties. In the event that, at any time whether before or after termination of the engagement or the Agreement, as a result of or in connection with the Agreement or A&M’s and its personnel’s role under the Agreement, A&M or any Indemnified Party is required to produce any of its personnel (including former employees) for examination, deposition or other written, recorded or oral presentation, or A&M or any of its personnel (including former employees) or any other Indemnified Party is required to produce or otherwise review, compile, submit, duplicate, search for, organize or report on any material within such Indemnified Party’s possession or control pursuant to a subpoena or other legal (including administrative) process, the Company will reimburse the Indemnified Party for its reasonable and documented out of pocket expenses, including the reasonable fees and expenses of outside legal counsel, and will compensate the Indemnified Party for the time expended by its personnel based on fifty percent (50%) of such personnel's then current hourly rate.

C. If any action, proceeding or investigation is commenced to which any Indemnified Party proposes to demand indemnification hereunder, such Indemnified Party will notify the Company with reasonable promptness; provided, however, that any failure by such Indemnified Party to notify the Company will not relieve the Company from its obligations hereunder, except to the extent that such failure shall have actually prejudiced the defense of such action. The Company shall promptly pay out of pocket expenses reasonably incurred by any Indemnified Party in defending, participating in, or settling any action, proceeding or investigation in which such Indemnified Party is a party or is threatened to be made a party or otherwise is participating in by reason of the engagement under the Agreement, upon submission of invoices therefor, whether in advance of the final disposition of such action, proceeding, or investigation or otherwise. Each Indemnified Party hereby undertakes, and the Company hereby accepts its undertaking, to repay any and all such amounts so advanced if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified therefor. If any such action, proceeding or investigation in which an Indemnified Party is a party is also against the Company, the Company may, at its option and in lieu of advancing the expenses of separate counsel for such Indemnified Party, provide such Indemnified Party with legal representation by the same counsel who represents the Company, provided such counsel is reasonably satisfactory to such Indemnified Party, at no cost to such Indemnified Party; provided, however, that if such counsel or counsel to the Indemnified Party shall determine that due to the existence of actual or potential conflicts of interest between such Indemnified Party and the Company such counsel is unable to represent both the Indemnified Party and the Company, then the Indemnified Party shall be entitled to use separate counsel of its own choice, and the Company shall promptly advance its reasonable expenses of such separate counsel upon submission of invoices therefor. Nothing herein shall prevent an Indemnified Party from using separate counsel of its own choice at its own expense. The Company will be liable for any settlement of any claim against an Indemnified Party made with the Company's prior written consent, which consent shall not be unreasonably withheld.

D. In order to provide for just and equitable contribution if a claim for indemnification pursuant to these indemnification provisions is made but it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification may not be enforced in such case, even though the express provisions hereof provide for indemnification, then the relative fault of the Company, on the one hand, and the Indemnified Parties, on the other hand, in connection with the statements, acts or omissions which resulted in the losses, claims, damages, liabilities and costs giving rise to the indemnification claim and other relevant equitable considerations shall be considered; and further provided that except in the case of and to the extent of A&M's finally determined fraud, gross negligence or willful misconduct, in no event will the Indemnified Parties' aggregate contribution for all losses, claims, damages, liabilities and expenses with respect to which contribution is available hereunder exceed the amount of fees actually received by the Indemnified Parties pursuant to the Agreement. No person found liable for a fraudulent misrepresentation shall be entitled to contribution hereunder from any person who is not also found liable for such fraudulent misrepresentation.

E. [Reserved]

F. Neither termination of the Agreement nor termination of A&M's engagement nor the filing of a petition under Chapter 7 or 11 of the United States Bankruptcy Code (nor the conversion of an existing case to one under a different chapter) shall affect these indemnification provisions, which shall hereafter remain operative and in full force and effect.

G. The rights provided herein shall not be deemed exclusive of any other rights to which the Indemnified Parties may be entitled under any other agreements, any vote of stockholders or disinterested directors of the Company, any applicable law or otherwise.

Olaplex Holdings, Inc.	ALVAREZ & MARSAL PRIVATE EQUITY PERFORMANCE IMPROVEMENT GROUP, LLC
By: /s/ Amanda Baldwin	By: /s/ Paul Kosturos

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

I, Amanda Baldwin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Olaplex Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024

By: /s/ Amanda Baldwin

Amanda Baldwin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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, Paul Kosturos, 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: August 6, 2024

By: /s/ Paul Kosturos
Paul Kosturos
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

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

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2024

By: /s/ Amanda Baldwin

Amanda Baldwin

Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

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

I, Paul Kosturos, Interim 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 June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2024	By:	/s/ Paul Kosturos
		Paul Kosturos
		Interim Chief Financial Officer
		(Principal Financial Officer)