

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, 2025

or

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

For the transition period from _____ to _____

Commission File Number 001-40860

Olaplex Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

(Address of principal executive offices and zip code)

(310) 691-0776

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

As of August 1, 2025, registrant had 667,081,086 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, 2024.
- “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, liquidity, capital structure, sales and operating results; our business plans, strategies, investments and objectives; demand for our products; general economic and industry trends, including tariffs; our business prospects; our marketing and brand strategies; innovation and new product introduction; our international operations; legal proceedings and related costs; changes in laws and regulations, including the impact of the One Big Beautiful Bill Act (the “OBBBA”) on the Company; future payments under our Tax Receivable Agreement; our supply chain and global distribution network; interest rate derivatives; and our evaluation of goodwill. Forward-looking statements are predictions based upon assumptions that may not prove to be accurate, and they are not guarantees of future performance. As such, you should not place significant reliance on our forward-looking statements. Neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements, including any such statements taken from third party industry and market reports.

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

- our dependence on the success of our business transformation plan;
- 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 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, including the OBBBA, tariffs and other trade policies;
- 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 general economic conditions, disruptions in business conditions, and the financial strength of our consumers and customers 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, 2024 (the “2024 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 2024 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. Condensed Consolidated Financial Statements (unaudited)

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

	June 30, 2025	December 31, 2024
Assets		
Current Assets:		
Cash and cash equivalents	\$ 289,339	\$ 585,967
Accounts receivable, net of allowances of \$21,713 and \$15,859	32,643	14,934
Inventory	78,323	75,165
Prepaid expenses and other current assets	62,364	13,647
Total current assets	462,669	689,713
Property and equipment, net	1,408	1,442
Intangible assets, net	873,840	899,549
Goodwill	168,300	168,300
Other assets	10,706	8,719
Total assets	\$ 1,516,923	\$ 1,767,723
Liabilities and stockholders' equity		
Current Liabilities:		
Accounts payable	\$ 25,061	\$ 10,423
Accrued expenses and other current liabilities	82,944	35,639
Current portion of long-term debt	—	6,750
Current portion of Related Party payable pursuant to Tax Receivable Agreement	11,940	11,842
Total current liabilities	119,945	64,654
Long-term debt	351,902	643,712
Deferred tax liabilities	3,361	5,164
Related Party payable pursuant to Tax Receivable Agreement	165,242	177,469
Other liabilities	2,302	2,322
Total liabilities	642,752	893,321
Commitments and contingencies (Note 12)		
Stockholders' equity (Notes 1 and 10):		
Common stock, \$0.001 par value per share; 2,000,000,000 shares authorized, 666,088,705 and 664,224,893 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	666	664
Preferred stock, \$0.001 par value per share; 25,000,000 shares authorized and no shares issued and outstanding	—	—
Additional paid-in capital	335,444	328,538
Accumulated other comprehensive loss	(627)	(765)
Retained earnings	538,688	545,965
Total stockholders' equity	874,171	874,402
Total liabilities and stockholders' equity	\$ 1,516,923	\$ 1,767,723

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales	\$ 106,284	\$ 103,943	\$ 203,262	\$ 202,849
Cost of sales:				
Cost of product (excluding amortization)	28,465	29,204	55,695	54,580
Amortization of patented formulations	2,184	2,302	4,576	4,489
Total cost of sales	30,649	31,506	60,271	59,069
Gross profit	75,635	72,437	142,991	143,780
Operating expenses:				
Selling, general, and administrative	65,909	45,423	113,896	85,860
Amortization of other intangible assets	10,930	10,736	21,823	22,025
Total operating expenses	76,839	56,159	135,719	107,885
Operating (loss) income	(1,204)	16,278	7,272	35,895
Interest expense	12,375	14,594	26,100	29,098
Interest income	(3,527)	(6,259)	(9,479)	(12,462)
Other (income) expense, net	(987)	264	(1,165)	1,211
(Loss) income before income taxes	(9,065)	7,679	(8,184)	18,048
Income tax provision	(1,323)	1,900	(907)	4,523
Net (loss) income	\$ (7,742)	\$ 5,779	\$ (7,277)	\$ 13,525
Net (loss) income per share:				
Basic	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.02
Diluted	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.02
Weighted average common shares outstanding:				
Basic	665,953,788	661,734,667	665,323,129	661,278,793
Diluted	665,953,788	663,545,258	665,323,129	663,516,699
Other comprehensive income (loss):				
Unrealized gain (loss) on derivatives, net of income tax effect	\$ 121	\$ (1,083)	\$ 138	\$ (1,444)
Total other comprehensive income (loss)	121	(1,083)	138	(1,444)
Comprehensive income (loss)	\$ (7,621)	\$ 4,696	\$ (7,139)	\$ 12,081

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

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

	Common Stock		Additional Paid in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance - December 31, 2024	664,224,893	\$ 664	\$ 328,538	\$ (765)	\$ 545,965	\$ 874,402
Net income	—	—	—	—	465	465
Issuance of shares upon exercise of stock options and vesting of restricted stock units	1,485,913	2	525	—	—	527
Share-based compensation expense	—	—	2,918	—	—	2,918
Unrealized gain on derivatives, net of tax expense of \$4	—	—	—	17	—	17
Balance - March 31, 2025	665,710,806	\$ 666	\$ 331,981	\$ (748)	\$ 546,430	\$ 878,329
Net loss	—	—	—	—	(7,742)	(7,742)
Issuance of shares upon exercise of stock options and vesting of restricted stock units	377,899	—	—	—	—	—
Share-based compensation expense	—	—	3,463	—	—	3,463
Unrealized gain on derivatives, net of tax expense of \$37	—	—	—	121	—	121
Balance - June 30, 2025	666,088,705	\$ 666	\$ 335,444	\$ (627)	\$ 538,688	\$ 874,171

	Common Stock		Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
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 tax benefit of \$104	—	—	—	(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 tax benefit of \$322	—	—	—	(1,083)	—	(1,083)
Balance - June 30, 2024	661,830,220	\$ 676	\$ 322,758	\$ (79)	\$ 539,968	\$ 863,323

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,	
	2025	2024
Cash flows from operating activities:		
Net (loss) income	\$ (7,277)	\$ 13,525
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Amortization of patent formulations	4,576	4,489
Amortization of other intangibles	21,823	22,025
Inventory write-off and disposal	2,804	2,516
Depreciation of fixed assets	179	284
Amortization of debt issuance costs	3,314	906
Deferred taxes	(1,444)	(450)
Share-based compensation expense	6,381	6,044
Other	641	630
Changes in operating assets and liabilities:		
Accounts receivable, net	(17,696)	6,945
Inventory	(5,988)	(6,632)
Prepaid expenses and other current assets	(49,162)	(4,616)
Accounts payable	14,653	15,797
Accrued expenses and other current liabilities	47,863	(1,845)
Other assets and liabilities	(2,680)	331
Net cash provided by operating activities	<u>17,987</u>	<u>59,949</u>
Cash flows from investing activities:		
Purchase of property and equipment	(151)	(559)
Purchase and development of software	(1,174)	(1,619)
Net cash used in investing activities	<u>(1,325)</u>	<u>(2,178)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	527	225
Payments made pursuant to Tax Receivable Agreement	(12,129)	(12,613)
Principal payments of 2022 Term Loan Facility	(301,688)	(3,375)
Payments for shares withheld and retired to cover tax withholding obligation for RSUs	—	(483)
Net cash used in financing activities	<u>(313,290)</u>	<u>(16,246)</u>
Net (decrease) increase in cash and cash equivalents	(296,628)	41,525
Cash and cash equivalents - beginning of period	585,967	466,400
Cash and cash equivalents - end of period	<u>\$ 289,339</u>	<u>\$ 507,925</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 212	\$ 10,554
Cash paid for interest	\$ 20,000	\$ 25,008
Supplemental disclosure of noncash activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ —	\$ 742
Purchases of software not yet paid	\$ 9	\$ 571
Purchases of property and equipment not yet paid	\$ —	\$ 21

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

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

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Olaplex Holdings, Inc. (“Olaplex Holdings” and, together with its subsidiaries, the “Company”) is a Delaware corporation that was incorporated on June 8, 2021. Olaplex Holdings is organized as a holding company and operates indirectly through Olaplex, Inc., its wholly owned indirect subsidiary, which conducts business under the name “Olaplex”. Olaplex is a foundational health and beauty company powered by breakthrough innovation that starts with and is inspired by the professional hairstylist. Olaplex’s products are designed to enable professional hairstylists and their clients to achieve their best results and to provide consumers with a holistic hair regimen that starts by establishing a foundation for healthy hair.

Basis of Presentation

The accompanying unaudited, interim Condensed Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP” or “U.S. GAAP”) with all intercompany balances and transactions eliminated, 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 2024 Form 10-K, as filed with the SEC on March 4, 2025.

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; 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 2024 Interest Rate Cap (as defined 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 2024 Interest Rate Cap is recorded at its Level 2 fair value in the Condensed Consolidated Balance Sheets.

Accounting Policies

There have been no material changes in significant accounting policies as described in the Company's Consolidated Financial Statements for the year ended December 31, 2024.

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, or fluctuations in the allocation of U.S. versus foreign sourced income may 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 \$177.2 million, with payments expected to continue through 2041. 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 December 2023, the FASB issued ASU 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 expects this update to impact its disclosures in the notes to its Consolidated Financial Statements but does not anticipate any effect on its Consolidated Results of Operations, Cash Flows or financial condition.

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 rule pending completion of a judicial review of certain legal challenges. In March 2025, the SEC voted to end its defense of the final rule. The Company is currently monitoring the legal challenges and evaluating the potential impact of the final rule to determine its impact on the Company's disclosures.

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" which is intended to improve the disclosures about a public business entity's expenses by requiring disaggregated disclosure of certain income statement expense captions into specified categories in the notes to the financial statements. The new guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The Company is currently evaluating the potential impact of adopting this new guidance on its Consolidated Financial Statements and related disclosures.

NOTE 3 – NET SALES

The Company distributes products in the U.S. and internationally through professional distributors in salons ("professional"), directly to retailers for sale in their physical stores and on their e-commerce sites ("specialty retail"), and direct-to-consumer ("DTC") through sales to third-party e-commerce customers and through its own Olaplex.com website.

During the three and six months ended June 30, 2025 and 2024, the Company's net sales by its three sales channels, professional, specialty retail and DTC, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales by Channel:				
Professional	\$ 37,448	\$ 33,416	\$ 71,986	\$ 72,162
Specialty retail	30,354	36,424	68,907	70,856
DTC	38,482	34,103	62,369	59,831
Total net sales	<u>\$ 106,284</u>	<u>\$ 103,943</u>	<u>\$ 203,262</u>	<u>\$ 202,849</u>

Net sales by major geographic region are based on the shipping address on record for the customer purchasing the Company's products. During the three and six months ended June 30, 2025 and 2024, 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,	
	2025	2024	2025	2024
Net sales by Geography:				
United States	\$ 55,120	\$ 53,751	\$ 104,281	\$ 102,596
International	51,164	50,192	98,981	100,253
Total net sales	<u>\$ 106,284</u>	<u>\$ 103,943</u>	<u>\$ 203,262</u>	<u>\$ 202,849</u>

No international country exceeded 10% of total net sales for the three and six months ended June 30, 2025 and 2024. 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, 2025 and December 31, 2024 consisted of the following:

	June 30, 2025	December 31, 2024
Raw materials	\$ 17,793	\$ 20,440
Finished goods	60,530	54,725
Inventory	<u>\$ 78,323</u>	<u>\$ 75,165</u>

As of June 30, 2025 and December 31, 2024, the Company's allowance for excess and obsolete inventory was \$14.0 million and \$15.7 million, respectively.

During the three and six months ended June 30, 2025, the Company recorded inventory write-offs of \$1.7 million and \$2.8 million, respectively, due to reserves for product obsolescence.

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.

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 \$400.0 million at a strike rate of 4.00%. 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 \$400.0 million, amortizing to \$200.0 million on July 31, 2025, at a strike rate of 5.00%. The 2024 Interest Rate Cap expires on July 31, 2026.

The 2024 Interest Rate Cap is measured at fair value on a recurring basis by a third-party specialist using widely accepted valuation techniques. The fair value of the 2024 Interest Rate Cap is determined using a modification of the Black’s model, known as the shifted lognormal model. The variable interest rates used in the calculation are based on future interest rates derived from observable market interest rate curves and volatilities. The specialist incorporates credit valuation adjustments to appropriately reflect the respective counterparty’s nonperformance risk in the fair value measurements. Although the Company has determined that the majority of the inputs used to value the 2024 Interest Rate Cap fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with the 2024 Interest Rate Cap utilize Level 3 inputs. The Company has determined that the impact of the credit valuation adjustments made to the 2024 Interest Rate Cap were not significant to the overall valuation. As a result, the 2024 Interest Rate Cap as of June 30, 2025 and as of December 31, 2024 was classified as Level 2 of the fair value hierarchy.

The Company’s assets measured at fair value on a recurring basis and subject to fair value disclosure requirements at June 30, 2025 were as follows:

	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents:				
U.S. Treasury	\$ 9,909	\$ 9,909	\$ —	\$ —
Money market funds	\$ 11,694	\$ 11,694	\$ —	\$ —
Other assets:				
2024 Interest Rate Cap	\$ 14	\$ —	\$ 14	\$ —

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

	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents:				
U.S. Treasury	\$ 64,742	\$ 64,742	\$ —	\$ —
Money market funds	\$ 277,901	\$ 277,901	\$ —	\$ —
Other assets:				
2024 Interest Rate Cap	\$ 217	\$ —	\$ 217	\$ —

NOTE 6 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets as of June 30, 2025 and December 31, 2024 were comprised of the following:

June 30, 2025				
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Brand name	25 years	\$ 952,000	\$ (208,594)	\$ 743,406
Product formulations	15 years	136,500	(49,732)	86,768
Customer relationships	20 years	53,000	(14,518)	38,482
Software	3-7 years	10,928	(5,744)	5,184
Total finite-lived intangibles		1,152,428	(278,588)	873,840
Goodwill	Indefinite	168,300	—	168,300
Total goodwill and other intangibles		\$ 1,320,728	\$ (278,588)	\$ 1,042,140

December 31, 2024				
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Brand name	25 years	\$ 952,000	\$ (189,556)	\$ 762,444
Product formulations	15 years	136,500	(45,182)	91,318
Customer relationships	20 years	53,000	(13,191)	39,809
Software	3-15 years	10,264	(4,286)	5,978
Total finite-lived intangibles		1,151,764	(252,215)	899,549
Goodwill	Indefinite	168,300	—	168,300
Total goodwill and other intangibles		\$ 1,320,064	\$ (252,215)	\$ 1,067,849

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 (Loss). 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 (Loss).

Amortization of the Company's definite-lived intangible assets for the three and six months ended June 30, 2025 and 2024 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Amortization expense, patented formulations	\$ 2,184	\$ 2,302	\$ 4,576	\$ 4,489
Amortization expense, brand name and customer relationships	\$ 10,183	\$ 10,183	20,365	20,365
Amortization expense, software	747	553	1,458	1,660
Amortization expense of other intangible assets	\$ 10,930	\$ 10,736	\$ 21,823	\$ 22,025
Amortization expense, patented formulations capitalized to inventory	\$ 92	\$ (27)	\$ (26)	\$ 61

NOTE 7 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses as of June 30, 2025 and December 31, 2024 consisted of the following:

	June 30, 2025	December 31, 2024
Sales tax payable	\$ 2,141	\$ 6,273
Accrued professional fees	10,360	3,649
Payroll liabilities	5,362	6,405
Accrued freight	2,272	2,541
Accrued advertising	7,684	5,267
Deferred revenue	966	877
Income tax payable	172	1,447
Accrued promotional allowance	703	5,381
Accrued <i>Lilien</i> legal settlement	47,500	—
Other accrued expenses and current liabilities	5,784	3,799
Accrued expenses and other current liabilities	<u>\$ 82,944</u>	<u>\$ 35,639</u>

As of June 30, 2025, the Company accrued approximately \$47.5 million related to a pending settlement of the *Lilien* matter. The Company expects to recover substantially all of this settlement amount under its insurance policy and, as such, an insurance receivable of \$46.6 million is recorded in Prepaid expenses and other current assets in the Condensed Consolidated Balance Sheets as of June 30, 2025. See further discussion regarding the *Lilien* matter in “Note 12 - Commitments and Contingencies” for more information.

NOTE 8 – LONG-TERM DEBT

The Company’s Long-Term Debt as of June 30, 2025 and December 31, 2024 consisted of the following:

	June 30, 2025	December 31, 2024
Long-term debt		
<i>Credit Agreement, dated as of February 23, 2022 (the “2022 Credit Agreement”)</i>		
\$675 Million 7-Year Senior Secured Term Loan Facility (the “2022 Term Loan Facility”)	\$ 354,750	\$ 656,438
\$150 Million 5-Year Senior Secured Revolving Credit Facility (the “2022 Revolver”) ⁽¹⁾	—	—
Debt issuance costs	(2,848)	(5,976)
Total term loan debt	351,902	650,462
Less: Current portion	—	(6,750)
Long-term debt, net of debt issuance costs and current portion	<u>\$ 351,902</u>	<u>\$ 643,712</u>

⁽¹⁾ As of June 30, 2025 and December 31, 2024, the Company did not have any outstanding amounts drawn on the 2022 Revolver, including letters of credit and swingline loan sub-facilities. As of June 30, 2025, the Company had \$150 million of available borrowing capacity under the 2022 Revolver.

The 2022 Credit Agreement contains a number of covenants that, among other things, restrict Olaplex, Inc.’s ability to (subject to certain exceptions) (i) pay dividends and distributions or repurchase its capital stock, (ii) prepay, redeem, or repurchase certain indebtedness, (iii) incur additional indebtedness and guarantee indebtedness, (iv) create or incur liens, (v) engage in mergers, consolidations, liquidations or dissolutions, (vi) sell, transfer or otherwise dispose of assets, (vii) make investments, acquisitions, loans or advances and (viii) enter into certain transactions with affiliates. The 2022 Credit Agreement also includes, among other things, customary affirmative covenants (including reporting covenants) and events of default (including a change of control) for facilities of this type, subject to certain exceptions and thresholds set forth in the 2022 Credit Agreement. 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 as of June 30, 2025. 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.

The interest rate on outstanding debt under the 2022 Term Loan Facility was 7.9% per annum as of June 30, 2025. The interest rates for all facilities under the 2022 Credit Agreement are calculated based upon the Company's election among (a) adjusted term secured overnight financing rate ("SOFR") (subject to a 0.50% floor with respect to the 2022 Term Loan Facility, and a 0% floor with respect to the 2022 Revolver) plus an additional interest rate spread, (b) with respect to a borrowing in Euros under the 2022 Revolver, a euro interbank offered rate (subject to a 0% floor) plus an additional interest rate spread, or (c) an "Alternate Base Rate" (as defined in the 2022 Credit Agreement) (subject to a 1.50% floor with respect to the 2022 Term Loan Facility, and a 1.00% floor with respect to the 2022 Revolver) plus an additional interest rate spread.

Interest expense, inclusive of debt amortization, for the three months ended June 30, 2025 and 2024 was \$12.4 million and \$14.6 million, respectively, and for the six months ended June 30, 2025 and 2024 was \$26.1 million and \$29.1 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, 2025, the carrying amount, excluding debt issuance costs, and estimated fair value of the Company's long-term debt was \$354.8 million and \$342.3 million, respectively. As of December 31, 2024, the carrying amount, excluding debt issuance costs, and estimated fair value of the Company's long-term debt was \$656.4 million and \$620.3 million, respectively.

On May 1, 2025, the Company voluntarily repaid \$300.0 million of outstanding principal on the 2022 Term Loan Facility. The repayment was funded using available cash on hand and did not result in prepayment penalties or fees. The remaining balance under the 2022 Term Loan Facility is due at maturity. The Company recorded a \$2.6 million write-off of deferred debt issuance costs associated with the repayment. This write-off is included in interest expense in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2025.

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 fluctuations. See further discussion in "Note 5 - Fair Value Measurement."

During both the three and six months ended June 30, 2025, the Company's 2024 Interest Rate Cap generated a \$0.2 million unrecognized pre-tax gain, recorded in Accumulated other comprehensive income on the Company's Condensed Consolidated Balance Sheets. During the three and six months ended June 30, 2025, the Company also recognized \$0.2 million and \$0.4 million, respectively, of interest expense related to amortization of the interest rate cap premium paid by the Company in connection with the 2024 Interest Rate Cap.

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 the interest rate cap settlements 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.

The Company performed an initial effectiveness assessment on the Interest Rate Caps and determined them 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. 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. Payments of the up-front premium of the Interest Rate Caps are included within prepaid expenses and other current assets and other assets and liabilities within the 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 – INCOME TAXES

The Company's effective tax rate was 14.6% for the three months ended June 30, 2025, as compared to 24.7% for the three months ended June 30, 2024. The effective tax rate for the three months ended June 30, 2025 was lower than the statutory rate of 21% primarily due to a discrete tax benefit for certain litigation related expenses, partially offset by the write-off of deferred tax assets associated with non-qualified stock options and restricted stock units. The effective tax rate for the three months ended June 30, 2024 differs from 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.

The Company's effective tax rate was 11.1% for the six months ended June 30, 2025, as compared to 25.1% for the six months ended June 30, 2024. The effective tax rate for the six months ended June 30, 2025 was lower than the statutory rate of 21% primarily due to a discrete tax benefit for certain litigation related expenses, partially offset by a discrete tax expense for a change in prior year estimates and the write-off of deferred tax assets associated with non-qualified stock options and restricted stock units. The 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 a discrete tax expense for interest associated with income taxes, the effect of state income taxes and a discrete tax expense from restricted stock units vested during that period, partially offset by the FDII deduction.

On July 4, 2025, the One Big Beautiful Bill Act (the "OBBBA") was signed into law in the U.S., which contains a broad range of tax reform provisions, including those affecting businesses. The Company is evaluating the effects of the OBBBA on its estimated annual effective tax rate and cash tax position. As the OBBBA was enacted after June 30, 2025, any impacts from the OBBBA are not included in operating results for the three and six months ended June 30, 2025.

NOTE 10 – EQUITY

During the six months ended June 30, 2025, the Company issued 1,863,812 shares of its common stock, of which 692,681 shares were issued as a result of stock options exercised and 1,171,131 shares were issued upon vesting of restricted stock units.

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.

NOTE 11 – 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. ("Advent"), the holder of a majority of the Company's common stock (collectively the "Advent Funds"), hold a greater than 10% equity interest. During both the three and six months ended June 30, 2025 payments to Pacvue Corporation were de minimis. During the three and six months ended June 30, 2024, payments to Pacvue Corporation were \$0.1 million and \$0.3 million, respectively, for digital media services, which were negotiated on an arm's length basis and on market terms.

Tax Receivable Agreement

In connection with the Reorganization Transactions, the Company entered into the Tax Receivable Agreement with the Pre-IPO Stockholders. See further discussion in "Note 2 – Summary of Significant Accounting Policies – Tax Receivable Agreement." During the three and six months ended June 30, 2025, the Company made a payment of \$12.1 million and during the three and six months ended June 30, 2024, the Company made a payment of \$12.6 million, in each case pursuant to the terms of the Tax Receivable Agreement.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Commitments

Purchase commitments are comprised of the Company's commitments for contracted goods and services arising in the ordinary course of business. These commitments are generally short-term in nature and are recorded as liabilities when the related goods are received or services rendered.

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. On August 23, 2024, the court issued an order staying the action pending the United States Supreme Court's resolution of the appeal in *Facebook, Inc., et al. v. Amalgamated Bank, et al.*, No. 23-980. On November 22, 2024, the Supreme Court dismissed the appeal as improvidently granted, leading to the stay of the *Lilien* action being lifted. On February 7, 2025, the court issued a decision on the defendants' motions to dismiss, granting the motions in part and denying them in part. Specifically, the court granted the motions filed by the underwriter and stockholder defendants but denied the motion to dismiss filed by the Company and the director and officer defendants. On April 3, 2025, the court set a hearing on class certification for July 21, 2025, a pretrial conference for September 29, 2025 and a trial start date for October 14, 2025. The underwriter defendants previously 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. On July 2, 2025, the parties filed a joint stipulation notifying the court that they had reached an agreement in principle to settle the action on a class-wide basis and requesting that the court vacate all further case deadlines. On July 16, 2025, the court vacated the class certification hearing, pretrial, and trial deadlines, and ordered the parties to file a motion for preliminary approval of the settlement by August 1, 2025. On August 1, 2025, the parties executed a settlement agreement, and the lead plaintiff filed its motion for preliminary approval of the settlement, which is scheduled to be heard by the court on September 8, 2025. The Company continues to expressly deny any charges or allegations of wrongdoing or liability arising out of any of the conduct, statements, acts, or omissions alleged in the action.

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. Plaintiffs seek declaratory and injunctive relief, as well as an award of monetary damages and attorneys' fees. 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 and seeks similar relief to that sought in *Ciuffo*. On April 19, 2024, the parties in both purported derivative actions filed a joint stipulation to consolidate the two derivative actions into the first filed docket (No. 2:23 cv-09712-SVW-SK), and to stay proceedings in the consolidated case, which the court granted on June 26, 2024. On March 17, 2025, the court held a status conference with the parties, during which the court ordered that the stay in the

action shall remain in effect pending resolution of the *Lilien* action. On May 28, 2025, the court entered an order lifting the stay as to the master file and restoring it to the active calendar, while ordering that all consolidated derivative actions are stayed and moved into the inactive calendar. The consolidated derivative action remains pending. Any potential loss associated with these pending legal proceedings is not probable or reasonably estimable at this time.

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 unaudited, interim Condensed Consolidated Financial Statements, certain of the plaintiffs and other claimants have agreed to terms that resolve the claims alleged in the *Albahae* complaint. None of the plaintiffs have re-filed their claims.

As of June 30, 2025 and December 31, 2024, 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 13 – NET (LOSS) INCOME PER SHARE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator:				
Net (loss) income	\$ (7,742)	\$ 5,779	\$ (7,277)	\$ 13,525
Denominator:				
Weighted average common shares outstanding – basic	665,953,788	661,734,667	665,323,129	661,278,793
Dilutive common equivalent shares from equity options and awards	—	1,810,591	—	2,237,906
Weighted average common shares outstanding – diluted	665,953,788	663,545,258	665,323,129	663,516,699
Net (loss) income per share:				
Basic	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.02
Diluted	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.02

In periods of net losses, potentially dilutive securities are not included in the calculation of diluted net loss per share because to do so would be anti-dilutive.

The shares of the Company's common stock underlying stock options, restricted stock units ("RSUs") and stock settled stock appreciation rights ("SARs") that were excluded in the computation of diluted net (loss) income per common share because their inclusion would have been anti-dilutive were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Stock options	10,143,458	10,269,710	10,519,912	9,578,809
RSUs	20,012,219	8,899,776	17,530,001	5,323,684
SARs	37,125	214,380	37,125	214,380

NOTE 14 – SEGMENT REPORTING

The Company sells haircare products through three sales channels: professional, specialty retail and DTC. The Company does not have intersegment revenues. See further discussion in "Note 3 - Net Sales" for more information. The Company manages its business on the basis of its three sales channels that are part of a single operating segment and, therefore, a single reportable segment.

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The CODM assesses the Company's performance based on net income that is also reported on the Condensed Consolidated Statement of Operations and Comprehensive Income (Loss).

The CODM uses net income to evaluate income generated from segment assets in deciding how to reinvest profits into the Company as well as in assessing performance of the segment.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales	\$ 106,284	\$ 103,943	\$ 203,262	\$ 202,849
Less: ⁽¹⁾				
Cost of product (excluding amortization)	28,465	29,204	55,695	54,580
Marketing expenses	27,321	17,499	45,432	30,814
Adjusted selling, general, and administrative ⁽²⁾	25,582	23,963	51,135	47,000
Depreciation and amortization	13,206	13,172	26,578	26,798
Interest expense	12,375	14,594	26,100	29,098
Interest income	(3,527)	(6,259)	(9,479)	(12,462)
Income tax provision	(1,323)	1,900	(907)	4,523
Share-based compensation expense	3,463	2,861	6,381	6,044
Other segment items ⁽³⁾	8,464	1,230	9,604	2,929
Net (loss) income	\$ (7,742)	\$ 5,779	\$ (7,277)	\$ 13,525

⁽¹⁾ The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM.

⁽²⁾ Amounts exclude depreciation and amortization expense, certain litigation related expenses and research and development costs.

⁽³⁾ For the three and six months ended June 30, 2025, other segment items included certain litigation related expenses, research and development costs and other (income) expense, net. For the three and six months ended June 30, 2024, other segment items included research and development costs and other (income) expense, net.

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 2024 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 2024 Form 10-K.

Company Overview

OLAPLEX is a foundational health and beauty company powered by breakthrough innovation that starts with and is inspired by the professional stylist (“Pro”). Our products are designed to enable Pros and their clients to achieve their best results, and to provide consumers with a holistic hair regimen that starts by establishing a foundation for healthy hair.

In 2014, OLAPLEX revolutionized the haircare category through the introduction of our patent-protected bond-building technology, Bis-aminopropyl diglycol dimaleate (“Bis-amino”), in our No. 1 Bond Multiplier® and No. 2 Bond Perfector® products. This new two-part salon treatment allowed Pros around the world to repair disulfide bonds deep inside the hair that are broken during chemical services (such as coloring, perming and straightening). Later in 2014, OLAPLEX launched an at-home version of this signature bond-building treatment, No. 3 Hair Perfector®, allowing consumers to achieve the benefits of OLAPLEX beyond the salon. By the end of 2015, OLAPLEX products were sold globally, demonstrating the relevance of the product and brand proposition around the world. From our original three bond-building products, we expanded to a range of products suitable across hair types for use in the salon and at home.

Since our inception, we have focused on delivering patent-protected technology and proven performance in the prestige haircare category. From our origins of creating the bond-building space, our product portfolio has expanded to over 25 products that support the hair health needs of our Pro and consumer communities.

We have a synergistic omnichannel model that leverages the strength of each of our channels and our strong digital capabilities, which we apply across all of our sales platforms. Our professional channel serves as the foundation for our brand. Through this channel, Pros introduce consumers to our products and, we believe, influence consumer purchasing decisions. Our specialty retail channel allows us to build our brand by reinforcing our relationship with current consumers and accessing new consumers. Our direct-to-consumer (“DTC”) channel, comprised of Olaplex.com and sales through third-party e-commerce platforms, further broadens our access to consumers, while allowing us to directly engage with and educate consumers through our owned platforms.

Our Strategy

In 2025, we are focused on the following three strategic priorities.

Generate Brand Demand

Our marketing strategy seeks to celebrate the passion and creativity of our Pros, as well as our breakthrough scientific innovations and technologies. We are focused on elevating our visual brand identity and communicating the unique benefits of Olaplex products to Pros and consumers. We seek to implement a 360-degree full funnel marketing approach to generate consumer demand, leveraging a creator-led point of view and product messaging that focuses on healthy hair from root to tip. We aim to execute on our Pro-first strategy by improving education, enhancing our presence among the Pro community, and elevating our Pro brand ambassadors and influencers.

Harness Innovation

We seek to build a future pipeline of innovation that is grounded in foundational hair health. We are focused on continuing to innovate beyond damage repair to unlock what we believe are key signs of healthy hair: strength and elasticity, shine and sheen, smoothness and frizz control, softness and moisturization, and shape retention and integrity. We seek to continue to introduce breakthrough science while expanding our product portfolio and reinvigorating our signature products to drive overall brand demand.

Execute with Excellence

We will continue to evolve and refine our operational and strategic processes, realign our international partnerships and seek efficiencies across our organization in support of growth. We have evolved our integrated business planning process and strategic planning procedure. We are currently in the process of realigning our international distribution network, and we are focused on enhancing our ongoing international partnerships and introducing and executing regional specific strategies to service our customers. We will increasingly use data, insights and a results-oriented mindset as we look to grow our brand and business in the future.

Business Environment & Trends

We continue to monitor the effects of the increasingly unpredictable 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, regulatory matters and changes to tariffs and trade policies of the United States and other countries. Based on policies in place as of the date of filing of this Quarterly Report, we expect the most recent changes in tariffs and trade policies will have a relatively modest impact on our business since the vast majority of our products sold in the U.S. are sourced and manufactured domestically. However, related uncertainties could impact consumer discretionary spending, demand for our products, and ordering patterns and inventory practices at our customers. We also are mindful of inflationary pressures on our consumers amidst an increasingly competitive industry, and we are monitoring the impact that consumer confidence may have on consumer spending at our customers.

Competition in the beauty industry is based on a variety of factors, including innovation, product efficacy, 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 haircare category. We believe we have a well-recognized and strong reputation within the beauty industry, from our customers to the end-consumer, and that the quality and performance of our products, our emphasis on science-based innovation, our asset-light operating model, and our engagement with our Pro and consumer communities position us to compete effectively.

Results of operations

Comparison of the Three Months Ended June 30, 2025 to the Three Months Ended June 30, 2024

The following table sets forth our consolidated results for each of the periods presented:

	Three Months Ended June 30,			
	2025		2024	
	(in thousands)	% of net sales	(in thousands)	% of net sales
Net sales	\$ 106,284	100.0 %	\$ 103,943	100.0 %
Cost of sales:				
Cost of product (excluding amortization)	28,465	26.8	29,204	28.1
Amortization of patented formulations	2,184	2.1	2,302	2.2
Total cost of sales	30,649	28.8	31,506	30.3
Gross profit	75,635	71.2	72,437	69.7
Operating expenses:				
Selling, general, and administrative	65,909	62.0	45,423	43.7
Amortization of other intangible assets	10,930	10.3	10,736	10.3
Total operating expenses	76,839	72.3	56,159	54.0
Operating income	(1,204)	(1.1)	16,278	15.7
Interest expense	12,375	11.6	14,594	14.0
Interest income	(3,527)	(3.3)	(6,259)	(6.0)
Other (income) expense, net	(987)	(0.9)	264	0.3
(Loss) income before income taxes	(9,065)	(8.5)	7,679	7.4
Income tax provision	(1,323)	(1.2)	1,900	1.8
Net (loss) income	<u>\$ (7,742)</u>	<u>(7.3)%</u>	<u>\$ 5,779</u>	<u>5.6 %</u>

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 on their e-commerce sites, and DTC through sales to third party e-commerce customers and through our Olaplex.com websites. As such, net sales by our three sales channels consisting of professional, specialty retail and DTC for the three months ended June 30, 2025 and 2024 were as follows:

(in thousands)	Three Months Ended June 30,			
	2025	2024	\$ Change	% Change
Net sales by Channel:				
Professional	\$ 37,448	\$ 33,416	\$ 4,032	12.1 %
Specialty retail	30,354	36,424	(6,070)	(16.7)
DTC	38,482	34,103	4,379	12.8
Total Net sales	<u>\$ 106,284</u>	<u>\$ 103,943</u>	<u>\$ 2,341</u>	<u>2.3 %</u>

Total net sales increased 2.3% for the three months ended June 30, 2025, compared to the same period in 2024. By channel, DTC and professional net sales increased 12.8% and 12.1%, respectively, while specialty retail net sales decreased 16.7% for the three months ended June 30, 2025 compared to the same period in 2024. U.S. and international net sales represented 52% and 48% of total net sales, respectively, for both the three months ended June 30, 2025 and 2024.

Cost of Sales and Gross Profit

(in thousands)	Three Months Ended June 30,		\$ Change	% Change
	2025	2024		
Cost of sales	\$ 30,649	\$ 31,506	\$ (857)	(2.7)%
Gross profit	\$ 75,635	\$ 72,437	\$ 3,198	4.4 %

Our cost of sales decreased primarily due to channel and price mix in the three months ended June 30, 2025 as compared to the same period in the previous year, offset by \$1.7 million in inventory write-offs recorded for product obsolescence during the three months ended June 30, 2025 compared to \$1.6 million recorded during the three months ended June 30, 2024.

As a result of the activity described above, our gross profit margin increased from 69.7% in the three months ended June 30, 2024 to 71.2% in the three months ended June 30, 2025.

Operating Expenses

(in thousands)	Three Months Ended June 30,		\$ Change	% Change
	2025	2024		
Selling, general, and administrative expenses	\$ 65,909	\$ 45,423	\$ 20,486	45.1 %
Amortization of other intangible assets	10,930	10,736	194	1.8
Total operating expenses	\$ 76,839	\$ 56,159	\$ 20,680	36.8 %

The increase in selling, general and administrative expenses during the three months ended June 30, 2025, compared to the same period in 2024, was primarily driven by an increase of \$9.8 million in non-payroll advertising and marketing expenses, \$9.0 million in legal and professional fees and \$1.3 million in payroll costs driven by merit increases and organizational realignment costs.

Interest Expense, Net

(in thousands)	Three Months Ended June 30,		\$ Change	% Change
	2025	2024		
Interest expense	\$ 12,375	\$ 14,594	\$ (2,219)	(15.2)%
Interest income	(3,527)	(6,259)	2,732	(43.6)
Interest expense, net	\$ 8,848	\$ 8,335	\$ 513	6.2 %

Interest expense for the three months ended June 30, 2025 decreased as compared to the same period in the previous year due to our voluntary repayment of \$300.0 million of outstanding principal on the 2022 Term Loan Facility on May 1, 2025, as well as lower interest rates during the three months ended June 30, 2025 as compared to the three months ended June 30, 2024. This decrease was partially offset by a \$2.6 million write-off of deferred debt issuance costs related to the \$300.0 million principal repayment.

Interest income for the three months ended June 30, 2025 decreased as compared to the same period in the previous year due to the \$300.0 million principal repayment on the 2022 Term Loan Facility, which reduced available funds for investments as well as lower interest rates during the three months ended June 30, 2025 as compared to the three months ended June 30, 2024.

Other (Income) Expense, Net

<i>(in thousands)</i>	Three Months Ended June 30,		\$ Change	% Change
	2025	2024		
Other (income) expense, net	\$ (987)	\$ 264	\$ (1,251)	473.9 %

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

Income Tax Provision

<i>(in thousands)</i>	Three Months Ended June 30,		\$ Change	% Change
	2025	2024		
Income tax provision	\$ (1,323)	\$ 1,900	\$ (3,223)	(169.6)%

Our effective tax rate was 14.6% for the three months ended June 30, 2025, as compared to 24.7% for the three months ended June 30, 2024.

Our effective tax rate for the three months ended June 30, 2025 was lower than the statutory rate of 21% primarily due to a discrete tax benefit for certain litigation related expenses, partially offset by a write-off of deferred tax assets associated with non-qualified stock options and restricted stock units.

For the three months ended June 30, 2024, the effective tax rate was higher than the statutory tax 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 FDII deduction, which results in income from the Company's sales to foreign customers being taxed at a lower effective tax rate.

Results of operations

Comparison of the Six Months Ended June 30, 2025 to the Six Months Ended June 30, 2024

The following table sets forth our consolidated results for each of the periods presented:

	Six Months Ended June 30,			
	2025		2024	
	(in thousands)	% of net sales	(in thousands)	% of net sales
Net sales	\$ 203,262	100.0 %	\$ 202,849	100.0 %
Cost of sales:				
Cost of product (excluding amortization)	55,695	27.4	54,580	26.9
Amortization of patented formulations	4,576	2.3	4,489	2.2
Total cost of sales	60,271	29.7	59,069	29.1
Gross profit	142,991	70.3	143,780	70.9
Operating expenses:				
Selling, general, and administrative	113,896	56.0	85,860	42.3
Amortization of other intangible assets	21,823	10.7	22,025	10.9
Total operating expenses	135,719	66.8	107,885	53.2
Operating income	7,272	3.6	35,895	17.7
Interest expense	26,100	12.8	29,098	14.3
Interest income	(9,479)	(4.7)	(12,462)	(6.1)
Other (income) expense, net	(1,165)	(0.6)	1,211	0.6
(Loss) income before income taxes	(8,184)	(4.0)	18,048	8.9
Income tax provision	(907)	(0.4)	4,523	2.2
Net (loss) income	\$ (7,277)	(3.6)%	\$ 13,525	6.7 %

Net Sales

Net sales by our three sales channels consisting of professional, specialty retail and DTC for the six months ended June 30, 2025 and 2024 were as follows:

(in thousands)	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
Net sales by Channel:				
Professional	\$ 71,986	\$ 72,162	\$ (176)	(0.2)%
Specialty retail	68,907	70,856	(1,949)	(2.8)
DTC	62,369	59,831	2,538	4.2
Total Net sales	<u>\$ 203,262</u>	<u>\$ 202,849</u>	<u>\$ 413</u>	<u>0.2 %</u>

Total net sales increased 0.2% for the six months ended June 30, 2025, compared to the same period in 2024. By channel, DTC net sales increased 4.2%, while specialty retail and professional net sales decreased 2.8% and 0.2%, respectively, for the six months ended June 30, 2025 compared to the same period in 2024. U.S. and international net sales represented 51% and 49% of total net sales, respectively, for both the six months ended June 30, 2025 and 2024.

Cost of Sales and Gross Profit

(in thousands)	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
Cost of sales	\$ 60,271	\$ 59,069	\$ 1,202	2.0 %
Gross profit	\$ 142,991	\$ 143,780	\$ (789)	(0.5)%

Our cost of sales increased primarily due to product mix in the six months ended June 30, 2025 as compared to the same period in the previous year. In addition, we recorded \$2.8 million in inventory write-offs for product obsolescence during the six months ended June 30, 2025, as compared to \$2.5 million recorded during the six months ended June 30, 2024.

As a result of the activity described above, our gross profit margin decreased from 70.9% in the six months ended June 30, 2024 to 70.3% in the six months ended June 30, 2025.

Operating Expenses

(in thousands)	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
Selling, general, and administrative expenses	\$ 113,896	\$ 85,860	\$ 28,036	32.7 %
Amortization of other intangible assets	21,823	22,025	(202)	(0.9)
Total operating expenses	<u>\$ 135,719</u>	<u>\$ 107,885</u>	<u>\$ 27,834</u>	<u>25.8 %</u>

The increase in selling, general and administrative expenses during the six months ended June 30, 2025, compared to the same period in 2024, was primarily driven by an increase of \$14.6 million in non-payroll advertising and marketing expenses, \$11.6 million in legal and professional fees and \$1.4 million in payroll costs driven by merit increases and organizational realignment costs, partially offset by a decrease of \$1.0 million in distribution and fulfillment costs.

Interest Expense, Net

(in thousands)	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
Interest expense	\$ 26,100	\$ 29,098	\$ (2,998)	(10.3)%
Interest income	(9,479)	(12,462)	2,983	(23.9)
Interest expense, net	<u>\$ 16,621</u>	<u>\$ 16,636</u>	<u>\$ (15)</u>	<u>(0.1)%</u>

Interest expense for the six months ended June 30, 2025 decreased as compared to the same period in the previous year due to our voluntary repayment of \$300.0 million of outstanding principal on the 2022 Term Loan Facility on May 1, 2025 as well as lower interest rates during the six months ended June 30, 2025 as compared to the same period in the previous year. This decrease was partially offset by a \$2.6 million write-off of deferred debt issuance costs related to the \$300 million principal repayment.

Interest income for the six months ended June 30, 2025 decreased as compared to the same period in the previous year due to the \$300.0 million principal repayment on the 2022 Term Loan Facility, which reduced available funds for investments, as well as due to lower interest rates during the six months ended June 30, 2025 as compared to the same period in the previous year.

Other (Income) Expense, Net

<i>(in thousands)</i>	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
Other (income) expense, net	\$ (1,165)	\$ 1,211	\$ (2,376)	196.2 %

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

Income Tax Provision

<i>(in thousands)</i>	Six Months Ended June 30,		\$ Change	% Change
	2025	2024		
Income tax provision	\$ (907)	\$ 4,523	\$ (5,430)	(120.1)%

Our effective tax rate was 11.1% for the six months ended June 30, 2025, as compared to 25.1% for the six months ended June 30, 2024.

Our effective tax rate for the six months ended June 30, 2025 was lower than the statutory rate of 21% primarily due to a discrete tax benefit for certain litigation related expenses, partially offset by a discrete tax expense for a change in prior year estimates and the write-off of deferred tax assets associated with non-qualified stock options and restricted stock units.

For the six months ended June 30, 2024, the effective tax rate was higher than the statutory tax rate of 21% primarily due to a discrete tax expense for interest associated with income taxes, the effect of state income taxes and a discrete tax expense from restricted stock units vested during that period, partially offset by the FDII deduction.

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 for our products, timing of when a retailer rearranges or restocks our products, timing of inventory purchases, and the amount and timing of our payables and expenses, including to implement our business transformation plan. We expect to generate less cash from operations in the current year, as compared to the prior year, as we fund working capital needs required to grow our business. 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 and expansion of our customer base.

Although international markets represented 49% of our net sales during the six months ended June 30, 2025, the majority of our bank deposits are held within the U.S.

On May 1, 2025, we voluntarily repaid \$300.0 million of outstanding principal on the 2022 Term Loan Facility. The repayment was funded using available cash on hand and did not result in prepayment penalties or fees. We continually evaluate our capital structure to maintain financial flexibility.

As of June 30, 2025, we had \$289.3 million of cash and cash equivalents. In addition, as of June 30, 2025, we had borrowing capacity of \$150.0 million under the 2022 Revolver, providing us with a liquidity position of \$439.3 million plus \$53.4 million of working capital excluding cash and cash equivalents for a combined \$492.7 million total liquidity position.

Cash Flows

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

<i>(in thousands)</i>	Six Months Ended June 30,	
	2025	2024
Net cash provided by (used in):		
Operating activities	\$ 17,987	\$ 59,949
Investing activities	(1,325)	(2,178)
Financing activities	(313,290)	(16,246)
Net (decrease) increase in cash and cash equivalents	<u>\$ (296,628)</u>	<u>\$ 41,525</u>

Operating Activities

Net cash provided by operating activities was \$18.0 million for the six months ended June 30, 2025, primarily reflecting our net loss of \$7.3 million, net of non-cash cost items and changes in operating working capital. Non-cash adjustments were primarily driven by amortization of other intangibles of \$21.8 million, share-based compensation expense of \$6.4 million, and amortization of patent formulations of \$4.6 million. Changes in operating assets and liabilities decreased cash provided by operating activities by \$13.0 million.

Net cash provided by operating activities was \$59.9 million for the six months ended June 30, 2024, primarily reflecting our net income of \$13.5 million, net of non-cash cost items and changes in operating working capital. Non-cash adjustments were primarily driven by amortization of other intangibles of \$22.0 million, share-based compensation expense of \$6.0 million, and amortization of patent formulations of \$4.5 million. Changes in operating assets and liabilities increased cash provided by operating activities by \$10.0 million.

Investing Activities

Net cash used in investing activities was \$1.3 million for the six months ended June 30, 2025, primarily reflecting investments of \$1.2 million related to the purchase and development of software.

Net cash used in investing activities was \$2.2 million for the six months ended June 30, 2024, reflecting investments of \$1.6 million related to the purchase and development of software and purchases of property and equipment of \$0.6 million.

Financing Activities

Net cash used in financing activities was \$313.3 million for the six months ended June 30, 2025, consisting of \$301.7 million of principal payments for the 2022 Term Loan Facility and \$12.1 million of payments pursuant to our Tax Receivable Agreement, partially offset by proceeds of \$0.5 million from stock option exercises.

Net cash used in financing activities was \$16.2 million for the six months ended June 30, 2024, primarily consisting of \$12.6 million of payments pursuant to our Tax Receivable Agreement and \$3.4 million of principal payments for the 2022 Term Loan Facility, partially offset by proceeds of \$0.2 million from stock option exercises.

Liquidity and Capital Resources

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 over both the short term (the next twelve months) and long term.

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 2024 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 consumer demand for our products and our ability to continue providing innovative products to our customers and manage production and our supply chain.

2022 Credit Facility

As of June 30, 2025, we had outstanding indebtedness under the 2022 Credit Agreement of \$354.8 million. As of June 30, 2025, 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 7.9% per annum as of June 30, 2025. We have not drawn on the 2022 Revolver as of June 30, 2025. The remaining balance under the 2022 Term Loan Facility is due 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, 2025 and December 31, 2024. Substantially all the assets of the Company constitute collateral under the 2022 Credit Agreement.

In order to limit our exposure to potential increases in future interest rates related to the 2022 Term Loan Facility, on August 11, 2022, we entered into the 2022 Interest Rate Cap in connection with the 2022 Term Loan Facility, with a notional amount of \$400.0 million at a strike rate of 4.00%. 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 the 2024 Interest Rate Cap in connection with the 2022 Term Loan Facility, with a notional amount of \$400.0 million, amortizing to \$200.0 million on July 31, 2025, at a strike rate of 5.00%. The 2024 Interest Rate Cap expires on July 31, 2026. We designated the Interest Rate Caps as cash-flow hedges for accounting purposes.

See “Note 8 - Long-Term Debt” in the Notes to the unaudited, interim 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 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. The Company is evaluating the effects of the OBBBA on its Tax Receivable Agreement liability. We expect that future payments under the Tax Receivable Agreement relating to the Pre-IPO tax assets could aggregate to \$177.2 million, with payments expected to continue through 2041. Payments under the Tax Receivable Agreement, which began in the year ended December 31, 2022, are not conditioned upon the Pre-IPO Stockholders maintaining a 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 2024 Form 10-K, other than our voluntary repayment of \$300.0 of outstanding principal on our 2022 Term Loan Facility on May 1, 2025, described above under "Financial Condition, Liquidity and Capital Resources - Overview."

Critical Accounting Estimates

Our unaudited, interim Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP. The preparation of financial statements requires us to make estimates and assumptions about future events that affect amounts reported in our unaudited, interim Condensed Consolidated Financial Statements and related notes at the date of the financial statements. We evaluate our accounting estimates and judgments on an ongoing basis. We base our estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions. For additional detail regarding our critical accounting estimates, see our discussion for the year ended December 31, 2024 in the 2024 Form 10-K. There have been no material changes to these critical accounting estimates in the six months ended June 30, 2025, except as noted below.

Goodwill

Goodwill is evaluated for impairment on an annual basis during the fourth fiscal quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Our impairment evaluation of goodwill consists of a qualitative assessment to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If this qualitative assessment indicates it is more likely than not that the estimated fair value of the reporting unit exceeds its carrying value, no further analysis is required, and goodwill is not impaired. Our qualitative assessment considers factors including changes in the competitive market, budget-to-actual performance, trends in market capitalization for us and our peers, turnover in key management personnel and overall changes in the macroeconomic environment.

We performed a quantitative assessment as of October 1, 2024 and it was concluded that the fair value of the reporting unit exceeded its carrying value by approximately 19%. No impairment of goodwill was recorded.

We estimated the fair value of our reporting unit using a combination of an income approach and a market approach, which were both weighted equally. The fair value measurements are based on unobservable inputs, with key assumptions including, but not limited to, our forecasted future operating cash flows, terminal growth rates, market multiples, and discount rates. To determine the fair value of our reporting unit, we have used expected growth rates that are in line with expected market growth rates. The terminal value was calculated assuming a projected growth rate of 3.0%. These rates reflect our estimate of long-term growth into perpetuity and approximate the long-term gross domestic product growth expected on a global basis. The estimated weighted-average cost of capital for the reporting unit was determined to be 11.0%. Certain future events and circumstances, including deterioration of market conditions, decline in our stock price, higher cost of capital, and a decline in actual and expected consumer consumption and demands, could result in changes to these assumptions and judgments. A downward revision of these assumptions could cause the fair values of our single reporting unit to fall below its respective carrying value and we may be required to record a goodwill impairment charge.

We believe the assumptions used in calculating the estimated fair value of the reporting units are reasonable and attainable. However, we may not achieve such results and may need to recognize impairment of goodwill in the future due to other market conditions or changes in our interest rates. Recognition of impairment of a significant portion of our goodwill would negatively affect our reported results of our operations.

As of June 30, 2025, the Company continues to monitor all of the assumptions used in the impairment test performed in 2024 and has not identified a triggering event. If these assumptions change in the future, given the global economic uncertainty or other matters, including a continued decline in stock price, the Company may be required to record a goodwill impairment charge.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk exposures or management of market risk from those disclosed in Quantitative and Qualitative Disclosures About Market Risk included under Item 7A in the 2024 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission’s (“SEC”) rules and forms, and to ensure that information required to be disclosed is accumulated and communicated to management, including, as appropriate, the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of June 30, 2025.

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, 2025 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 12 - Commitments and Contingencies - Pending Legal Proceedings” included in the Notes to the unaudited, interim 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 2024 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, 2025, 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
<u>3.1</u>	<u>Restated Certificate of Incorporation of Olaplex Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed on November 10, 2021 (File No. 001-40860)).</u>
<u>3.2</u>	<u>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)).</u>
<u>3.3</u>	<u>Second Amended and Restated Bylaws of Olaplex Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on January 20, 2023 (File No. 001-40860)).</u>
<u>31.1</u>	<u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>31.2</u>	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.1[†]</u>	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.2[†]</u>	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

[†] This certification will not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

SIGNATURES

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

OLAPLEX HOLDINGS, INC.

August 7, 2025

By: /s/ Amanda Baldwin
Name: Amanda Baldwin
Title: Chief Executive Officer
(Principal Executive Officer)

August 7, 2025

By: /s/ Catherine Dunleavy
Name: Catherine Dunleavy
Title: Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer)

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

I, Amanda Baldwin, certify that:

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

Date: August 7, 2025

By: _____ /s/ Amanda Baldwin

Amanda Baldwin
Chief Executive Officer
(Principal Executive Officer)

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

I, Catherine Dunleavy, 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 7, 2025

By: /s/ Catherine Dunleavy
Catherine Dunleavy
Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer)

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

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

1. the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended June 30, 2025 (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 7, 2025

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

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

I, Catherine Dunleavy, Chief Operating Officer and 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, 2025 (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 7, 2025

By: _____ /s/ Catherine Dunleavy
Catherine Dunleavy
Chief Operating Officer and Chief Financial Officer
(Principal Financial Officer)