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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2022
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission File Number 001-40860

Olaplex Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

Address not applicable¹
(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 type="checkbox"/>
Non-accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" 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 October 31, 2022, registrant had 649,181,334 shares of common stock, par value \$0.001 per share, outstanding.

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

OLAPLEX HOLDINGS, INC.
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” 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 on Form 10-Q that are not historical facts. When used in this document, words such as “may,” “will,” “could,” “should,” “intend,” “potential,” “continue,” “anticipate,” “believe,” “estimate,” “expect,” “plan,” “target,” “predict,” “project,” “seek” and similar expressions as they relate to us are intended to identify forward-looking statements. These statements reflect our current views with respect to future events, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate.

Examples of forward-looking statements include, among others, statements we make regarding: our financial position and operating results; business plans and objectives, including geographic expansion and omnichannel strategy; general economic and industry trends; business prospects; future product development; growth and expansion opportunities; impacts on our supply chain; and expenses, working capital and liquidity. We may not achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place significant reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward- looking statements we make.

The forward-looking statements in this Quarterly Report on Form 10-Q are predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements, including such statements taken from third party industry and market reports. You should understand that the following important factors, in addition to those discussed in the section “Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Form 10-K”), could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements, including the following:

- our ability to execute on our growth strategies and expansion opportunities;
- increased competition causing us to reduce the prices of our products or to increase significantly our marketing efforts in order to avoid losing market share;
- impacts on our business due to the sensitivity of our business to unfavorable economic and business conditions;
- our dependence on a limited number of customers for a significant portion of our net sales;
- our ability to effectively market and maintain a positive brand image and expand our brand awareness;
- our ability to accurately forecast consumer demand for our products;
- our ability to attract new customers and encourage consumer spending across our product portfolio;
- changes in consumer preferences or changes in demand for hair care products or other products we may develop;
- our ability to maintain favorable relationships with suppliers and manage our supply chain, including obtaining and maintaining shipping distribution and raw materials at favorable pricing;
- our relationships with and the performance of distributors and retailers who sell our products to hair care professionals and other customers;
- the impact of material cost increases and other inflation and our ability to pass on such increases to our customers;
- our ability to develop, manufacture and effectively and profitably market and sell future products;

- our ability to anticipate and effectively respond to market trends, including with respect to new product introductions;
- our ability to successfully implement new or additional marketing efforts;
- our ability to attract and retain senior management and other qualified personnel;
- regulatory changes and developments affecting our current and future products;
- our existing and any future indebtedness, including our ability to comply with affirmative and negative covenants under the 2022 Credit Agreement (as defined herein) to which we will remain subject, until maturity, and our ability to obtain additional financing on favorable terms or at all;
- increasing cost of debt and our ability to service our existing indebtedness and obtain additional capital to finance operations and our growth opportunities;
- impacts on our business from political, regulatory, economic, trade, and other risks associated with operating internationally including volatility in currency exchange rates, and imposition of tariffs;
- 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 impact of changes in laws, regulations and administrative policy, including those that limit United States (“U.S.”) tax benefits or impact trade agreements and tariffs;
- the outcome of litigation and governmental proceedings;
- impacts on our business from the COVID-19 pandemic; and
- the other factors identified in the “Risk Factors” section of the 2021 Form 10-K.

These forward-looking statements involve known and unknown risks, inherent uncertainties and other factors, 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. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. Actual results and the timing of certain events may differ materially from those contained in these forward-looking statements.

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 on Form 10-Q as anticipated, believed, estimated, expected, intended, planned or projected. We discuss many of these risks in greater detail in the “Risk Factors” section included in the 2021 Form 10-K. The forward-looking statements included in this Quarterly Report on Form 10-Q are made only as of the date hereof. Unless required by U.S. federal securities laws, we neither intend nor assume any obligation to update these forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or to changes in our expectations.

PART I - FINANCIAL INFORMATION
ITEM 1. Financial Statements

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

	September 30, 2022	December 31, 2021
Assets		
Current Assets:		
Cash and cash equivalents	\$ 249,399	\$ 186,388
Accounts receivable, net of allowances of \$14,976 and \$8,231	93,286	40,779
Inventory	151,283	98,399
Other current assets	3,277	9,621
Total current assets	497,245	335,187
Property and equipment, net	614	747
Intangible assets, net	1,007,267	1,043,344
Goodwill	168,300	168,300
Deferred taxes, net	12,876	8,344
Other assets	10,498	4,500
Total assets	<u>\$ 1,696,800</u>	<u>\$ 1,560,422</u>
Liabilities and stockholders' equity		
Current Liabilities:		
Accounts payable	\$ 23,126	\$ 19,167
Accrued expenses and other current liabilities	26,031	17,332
Accrued sales and income taxes	16,096	12,144
Current portion of long-term debt	6,750	20,112
Current portion of Related Party payable pursuant to Tax Receivable Agreement	16,557	4,157
Total current liabilities	88,560	72,912
Related Party payable pursuant to Tax Receivable Agreement	208,582	225,122
Long-term debt	655,662	738,090
Total liabilities	<u>952,804</u>	<u>1,036,124</u>
Contingencies (Note 11)		
Stockholders' equity (Notes 1 and 9):		
Common stock, \$0.001 par value per share; 2,000,000,000 shares authorized, 649,112,823 and 648,794,041 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	649	648
Preferred stock, \$0.001 par value per share; 25,000,000 shares authorized and no shares issued and outstanding	—	—
Additional paid-in capital	310,193	302,866
Accumulated other comprehensive income	1,931	—
Retained earnings	431,223	220,784
Total stockholders' equity	<u>743,996</u>	<u>524,298</u>
Total liabilities and stockholders' equity	<u>\$ 1,696,800</u>	<u>\$ 1,560,422</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 176,454	\$ 161,624	\$ 573,553	\$ 431,867
Cost of sales:				
Cost of product (excluding amortization)	45,484	32,462	140,999	83,859
Amortization of patented formulations	1,142	1,680	5,091	6,399
Total cost of sales	46,626	34,142	146,090	90,258
Gross profit	129,828	127,482	427,463	341,609
Operating expenses:				
Selling, general, and administrative	30,807	30,257	79,232	75,323
Amortization of other intangible assets	10,329	10,182	30,890	30,547
Total operating expenses	41,136	40,439	110,122	105,870
Operating income	88,692	87,043	317,341	235,739
Interest expense	(10,499)	(14,987)	(30,653)	(46,052)
Other expense, net				
Loss on extinguishment of debt	—	—	(18,803)	—
Other expense, net	(2,251)	(213)	(3,852)	(417)
Total other expense, net	(2,251)	(213)	(22,655)	(417)
Income before provision for income taxes	75,942	71,843	264,033	189,270
Income tax provision	15,179	15,252	53,594	37,797
Net income	\$ 60,763	\$ 56,591	\$ 210,439	\$ 151,473
Net income per share:				
Basic	\$ 0.09	\$ 0.09	\$ 0.32	\$ 0.23
Diluted	\$ 0.09	\$ 0.08	\$ 0.30	\$ 0.22
Weighted average common shares outstanding:				
Basic	649,099,780	648,124,642	648,963,625	648,082,081
Diluted	691,257,654	690,711,782	691,585,787	689,108,272
Other comprehensive income:				
Unrealized gain on derivatives, net of income tax effect	\$ 1,931	\$ —	\$ 1,931	\$ —
Total other comprehensive income:	1,931	—	1,931	—
Total comprehensive income:	\$ 62,694	\$ 56,591	\$ 212,370	\$ 151,473

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

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

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

	Shares (Note 1)	Amount	Additional Paid in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity
Balance - December 31, 2020	647,888,387	\$ 648	\$ 530,025	\$ —	\$ —	\$ 530,673
Issuance of common stock	236,255	—	633	—	—	633
Net income	—	—	—	—	45,531	45,531
Share-based compensation expense	—	—	627	—	—	627
Balance - March 31, 2021	648,124,642	648	531,285	—	45,531	577,464
Net income	—	—	—	—	49,351	49,351
Share-based compensation expense	—	—	547	—	—	547
Balance - June 30, 2021	648,124,642	648	531,832	—	94,882	627,362
Net income	—	—	—	—	56,591	56,591
Tax receivable agreement	—	—	(232,893)	—	—	(232,893)
Share-based compensation expense	—	—	1,945	—	—	1,945
Balance - September 30, 2021	648,124,642	pY \$ 648	pY \$ 300,884	\$ —	\$ 151,473	\$ 453,005

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

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

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 210,439	\$ 151,473
Adjustments to reconcile net income to net cash from operations provided by operating activities:		
Amortization of patent formulations	5,091	6,399
Amortization of other intangibles	30,890	30,547
Inventory write-off and disposal	5,958	—
Depreciation of fixed assets	233	87
Amortization of debt issuance costs	2,955	2,084
Deferred taxes	(4,532)	3,852
Share-based compensation expense	5,454	3,119
Loss on extinguishment of debt	18,803	—
Other operating	147	—
Changes in operating assets and liabilities, net of effects of acquisition (as applicable):		
Accounts receivable, net	(52,507)	(44,906)
Inventory	(57,132)	(35,090)
Other current assets	6,344	(5,760)
Accounts payable	3,959	9,165
Accrued expenses and other current liabilities	14,283	9,355
Other assets/liabilities	(8,578)	—
Net cash provided by operating activities	<u>181,807</u>	<u>130,325</u>
Cash flows from investing activities:		
Purchase of property and equipment	(100)	(859)
Purchase of software	(1,612)	—
Purchase of investment in nonconsolidated entity	—	(4,500)
Net cash used in investing activities	<u>(1,712)</u>	<u>(5,359)</u>
Cash flows from financing activities:		
Proceeds from the issuance of stock	—	633
Proceeds from exercise of stock options	814	—
Payments for shares withheld and retired for taxes and exercise price for stock-settled stock appreciation rights	(572)	—
Principal payments for 2022 Term Loan Facility, and principal payments and prepayment fees for 2020 Term Loan Facility	(780,382)	(15,084)
Proceeds from the issuance of 2022 Term Loan Facility	675,000	—
Payments of debt issuance costs	(11,944)	—
Net cash used in financing activities	<u>(117,084)</u>	<u>(14,451)</u>
Net increase in cash and cash equivalents	63,011	110,515
Cash and cash equivalents - beginning of period	186,388	10,964
Cash and cash equivalents - end of period	<u>\$ 249,399</u>	<u>\$ 121,479</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 54,904	\$ 16,105
Cash paid during the year for interest	21,716	43,968
Cash paid during the year for offering and strategic transition costs	\$ —	\$ 3,840
Supplemental disclosure of noncash activities:		
Public offering and strategic transition costs included in accounts payable and accrued expenses	\$ —	\$ 4,542
Increase in related party payable related to the tax receivable agreement	—	232,893
Cash-settled units liability reclassification to additional paid in capital	\$ 1,632	\$ —

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” or “we”) is a Delaware corporation that was incorporated on June 8, 2021 for the purpose of facilitating an initial public offering and to enter into the other related Reorganization Transactions, as described below, in order to carry on the business of Penelope Holdings Corp. (“Penelope”), together with its subsidiaries. Olaplex Holdings is organized as a holding company and operates indirectly through its wholly owned subsidiaries, Penelope and Olaplex, Inc., which conducts business under the name “Olaplex”. Olaplex is an innovative, science-enabled, technology-driven beauty company that is focused on delivering its patent-protected premium hair care products to professional hair salons, retailers and everyday consumers. Olaplex develops, manufactures and distributes a suite of hair care products strategically developed to address three key uses: treatment, maintenance and protection.

In January 2020, a group of third-party investors, through Penelope, acquired 100% of the Olaplex, LLC business, including the intellectual property operations of another affiliated business, LIQWD, Inc. (the “Olaplex business”), from the owners of the Olaplex business for \$1,381,582 (the “Acquisition”). Subsequent to the Acquisition, all of the operations of Olaplex are comprised of the operations of Olaplex, Inc.

In these financial statements, the term “Olaplex” is used to refer to either the operations of the business prior or after the Acquisition and prior to and after the initial public offering and Reorganization Transactions, in each case as discussed below, depending on the respective period discussed.

Initial Public Offering

On October 4, 2021, Olaplex Holdings completed an initial public offering of shares of its common stock (the “IPO”). See “Item 8. Financial Statements – Note 1. Nature of Operations and Basis of Presentation – Initial Public Offering” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Form 10-K”) for additional details on the IPO.

Reorganization Transactions

Prior to the IPO, Penelope Group Holdings, L.P. was the direct parent of Penelope, which is the indirect parent of Olaplex, Inc., the Company’s primary operating subsidiary. In connection with the IPO, the Company completed a series of transactions (collectively, the “Reorganization Transactions”) pursuant to which all outstanding units of Penelope Group Holdings, L.P. were exchanged for an aggregate of 648,124,642 shares of common stock of Olaplex Holdings, Inc., and the options and cash-settled units of Penelope were converted into options and cash-settled units of Olaplex Holdings, Inc. See “Item 8. Financial Statements – Note 1. Nature of Operations and Basis of Presentation – Reorganization Transactions” in the Company’s 2021 Form 10-K for additional details on the Reorganization Transactions that were completed in connection with the IPO.

Basis of Presentation

The accompanying unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim Condensed Consolidated Financial Statements furnished reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The results of operations of any interim period are not necessarily indicative of the results of operations to be expected for the full fiscal year. The unaudited interim Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and accompanying footnotes included in the Company’s 2021 Form 10-K.

The financial statements for prior periods give effect to the Reorganization Transactions as referred in the 2021 Form 10-K. All share and earnings per share amounts presented herein have been retroactively adjusted to give effect to the Reorganization Transactions as if they occurred in all prior periods presented.

For the periods prior to the Reorganization Transactions, Penelope and its subsidiaries, including Olaplex, Inc., are consolidated in the unaudited interim Condensed Consolidated Financial Statements of the Company.

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 and refunds; loss contingencies; the fair value of share-based options and stock settled rights; the fair value of and/or potential impairment of goodwill and intangible assets for our reporting unit; the fair value of our interest rate cap; useful lives of our tangible and intangible assets; allowance for promotions; estimated income tax and tax receivable payments; the net realizable value of, and demand for our 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 Consolidated Balance Sheets, which may differ from fair value. The Company's interest rate cap is recorded at its Level 3 fair value in the Condensed Consolidated Balance Sheets.

Accounting Policies

The Company entered into an interest rate cap transaction during the quarter ended September 30, 2022. See further discussion of this transaction in "Note 8 – Long-Term Debt – Interest Rate Cap Transaction". As a result, the Company has updated its accounting policies to include a policy on derivative instruments and hedging, per below:

Accounting Policy for Derivative Instruments and Hedging Activities

The Company records all derivatives on the balance sheet at fair value in accordance with FASB Accounting Standards Codification ("ASC") ASC 815, "Derivatives and Hedging". The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative as a hedge and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk (in a fair value hedge) or the earnings effect of the hedged forecasted transactions (in a cash flow hedge). The Company may enter into derivative contracts that are intended to

economically hedge certain of its risks, even though hedge accounting does not apply or the Company otherwise elects not to apply hedge accounting.

Constructive Retirement of Common Stock Repurchases

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

Tax Receivable Agreement

As part of the IPO, we entered into the Tax Receivable Agreement under which generally we will be required to pay to the former limited partners of Penelope Group Holdings, L.P. and the holders of options to purchase shares of common stock of Penelope that were vested prior to the Reorganization Transactions (collectively, the "Pre-IPO Stockholders"), 85% of the cash savings, if any, in U.S. federal, state or local tax that we actually realize on our taxable income following the IPO (or are deemed to realize in certain circumstances) as a result of certain existing tax attributes, 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, and interest accrued at a rate equal to LIBOR ("London Interbank Offered Rate") (or if LIBOR ceases to be published, a replacement rate with similar characteristics) plus 3% from the date the applicable tax return is due (without extension) until paid. Under the Tax Receivable Agreement, generally we will retain the benefit of the remaining 15% of the applicable tax savings.

Recently Adopted Accounting Pronouncements

The Company is an "emerging growth company" and as an emerging growth company, the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that the Company (i) is no longer an emerging growth company or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the Company's financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)." The guidance in this ASU supersedes the leasing guidance in "Leases (Topic 840)." Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for Company fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company adopted this accounting standard on January 1, 2022. Adoption of this standard did not have a material impact on its Condensed Consolidated Financial Statements.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This ASU provides an optional expedient and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates ("IBORs") and, particularly, the risk of cessation of the LIBOR, regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. The ASU provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. The ASU can be adopted no later than December 31, 2022 with early adoption permitted. The Company adopted this accounting standard on January 1, 2022. Adoption of this standard did not have a material impact on its Condensed Consolidated Financial Statements.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The amendments in this ASU, among other things, require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking

information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The FASB has issued multiple updates to ASU 2016-13 as codified in Topic 326, including ASUs 2019-04, 2019-05, 2019-10, 2019-11, 2020-02, and 2020-03. These ASUs have provided for various minor technical corrections and improvements to the codification as well as other transition matters. The amendments in the ASU are effective for the Company for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company adopted this accounting standard on July 1, 2022. Adoption of this standard did not have a material impact on its Condensed Consolidated Financial Statements.

NOTE 3 – NET SALES

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net sales by Channel:				
Professional	\$ 62,991	\$ 74,978	\$ 245,539	\$ 201,855
Specialty retail	74,191	46,343	202,692	116,201
DTC	39,272	40,303	125,322	113,811
Total Net sales	\$ 176,454	\$ 161,624	\$ 573,553	\$ 431,867

Revenue by major geographic region is based upon the geographic location of customers who purchase our products, however the majority of net sales are transacted in U.S. Dollars, the Company’s functional and reporting currency. During the three and nine months ended September 30, 2022 and September 30, 2021, our net sales to consumers in the United States and International regions were as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net sales by Geography:				
United States	\$ 89,543	\$ 93,611	\$ 330,973	\$ 252,224
International	86,911	68,013	242,580	179,643
Total Net sales	\$ 176,454	\$ 161,624	\$ 573,553	\$ 431,867

United Kingdom (“U.K.”) net sales for the three and nine months ended September 30, 2022 were 13% and 10% of total net sales, respectively, and net sales for the three and nine months ended September 30, 2021 were 15% of total net sales. No other International country exceeds 10% of total net sales.

NOTE 4 - INVENTORY

Inventory as of September 30, 2022 and December 31, 2021 consisted of the following:

	September 30, 2022	December 31, 2021
Raw materials	\$ 37,173	\$ 20,852
Finished goods	114,110	77,547
Inventory	\$ 151,283	\$ 98,399

NOTE 5 - INVESTMENT IN NONCONSOLIDATED ENTITY

Our investment in and advances to our nonconsolidated entity as of September 30, 2022 and December 31, 2021 represents our investment in a limited liability company. We do not control or have significant influence over the operating and financial policies of this entity.

We account for this investment using the cost method and adjust only for other than temporary declines in fair value, additional investments, plus or minus changes from observable price changes in orderly transactions or distributions deemed to be a return of capital. Our investment is classified as a long-term asset and included in Other assets in our Condensed Consolidated Balance Sheet and consists of the following:

	September 30, 2022	December 31, 2021
Capital contributions, net of distributions and impairments	\$ 4,500	\$ 4,500
Total investments in and advances to nonconsolidated entity	\$ 4,500	\$ 4,500

NOTE 6 – GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are comprised of the following:

	September 30, 2022			
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Brand name	25 years	\$ 952,000	\$ (103,874)	\$ 848,126
Product formulations	15 years	136,000	(24,732)	111,268
Customer relationships	20 years	53,000	(7,228)	45,772
Software	3 years	2,503	(402)	2,101
Total finite-lived intangibles		1,143,503	(136,236)	1,007,267
Goodwill	Indefinite	168,300	—	168,300
Total goodwill and other intangibles		\$ 1,311,803	\$ (136,236)	\$ 1,175,567

	December 31, 2021			
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Brand name	25 years	\$ 952,000	\$ (75,314)	\$ 876,686
Product formulations	15 years	136,000	(17,932)	118,068
Customer relationships	20 years	53,000	(5,241)	47,759
Software	3 years	890	(59)	831
Total finite-lived intangibles		1,141,890	(98,546)	1,043,344
Goodwill	Indefinite	168,300	—	168,300
Total goodwill and other intangibles		\$ 1,310,190	\$ (98,546)	\$ 1,211,644

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

and Comprehensive Income. Amortization of the Company's definite-lived intangible assets for the three and nine month periods ended September 30, 2022 and 2021 is as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Amortization of patented formulations	\$ 1,142	\$ 1,680	\$ 5,091	\$ 6,399
Amortization expense, brand name and customer relationships	10,182	10,182	30,547	30,547
Amortization expense, software	147	—	343	—
Amortization of other intangible assets	10,329	10,182	30,890	30,547
Amortization of patented formulations capitalized to inventory	\$ 1,125	\$ 587	\$ 1,709	\$ 401

NOTE 7 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses as of September 30, 2022 and December 31, 2021 consisted of the following:

	September 30, 2022	December 31, 2021
Accrued interest	\$ 8,344	\$ —
Deferred revenue	4,890	5,022
Accrued freight	4,823	636
Payroll liabilities	4,418	6,302
Accrued other	3,556	5,372
Accrued expenses and other current liabilities	\$ 26,031	\$ 17,332

NOTE 8 - LONG-TERM DEBT

The Company's Long-Term Debt as of September 30, 2022 and December 31, 2021 consisted of the following:

	September 30, 2022	December 31, 2021
Long-term debt		
<i>Credit Agreement, dated as of February 23, 2022 (the "2022 Credit Agreement")⁽¹⁾</i>		
\$675 Million 7-Year Senior Secured Term Loan Facility (the "2022 Term Loan Facility")	\$ 671,626	\$ —
\$150 Million 5-Year Senior Secured Revolving Credit Facility (the "2022 Revolver") ⁽²⁾	—	—
<i>Credit Agreement, dated as of January 8, 2020, as amended (the "2020 Credit Agreement")⁽¹⁾</i>		
\$800 Million 6-Year Senior Secured Term Loan Facility, as amended (the "2020 Term Loan Facility")	—	769,235
\$51 Million 5-Year Senior Secured Revolving Credit Facility, as amended (the "2020 Revolver") ⁽²⁾	—	—
Debt issuance costs	(9,214)	(11,033)
Total term loan debt	662,412	758,202
Less: Current portion	(6,750)	(20,112)
Long-term debt, net of debt issuance costs and current portion	\$ 655,662	\$ 738,090

⁽¹⁾ The 2022 Credit Agreement refinanced and replaced the 2020 Credit Agreement.

⁽²⁾ As of September 30, 2022 and December 31, 2021, the Company did not have outstanding draws on the 2022 Revolver or 2020 Revolver, respectively, including letters of credit and swingline loan sub-facilities. As of September 30, 2022, the Company had \$150 million of available borrowing capacity under the 2022 Revolver.

The interest rate on outstanding debt under the 2022 Term Loan Facility was 6.1% as of September 30, 2022, and the interest rate on outstanding debt under the 2020 Term Loan Facility was 7.5% as of December 31, 2021. The interest rates for all facilities under the 2022 and 2020 Credit Agreements were calculated based upon the Company's election between the applicable published reference rate at time of election plus an additional interest rate spread, or an "Alternate Base Rate" (as defined in the 2022 Credit Agreement or the 2020 Credit Agreement, as applicable) plus an additional interest rate spread.

Interest expense, inclusive of debt amortization, was \$10,499 and \$30,653 for the three and nine months ended September 30, 2022, respectively, and \$14,987 and \$46,052 for the three and nine months ended September 30, 2021, respectively.

The 2022 Credit Agreement includes, and the 2020 Credit Agreement included, reporting, financial, and maintenance covenants that require, among other things, for the Company to comply with certain maximum secured leverage ratios, which the Company was in compliance with on September 30, 2022 and December 31, 2021. Substantially all the assets of the Company constitute collateral under the 2022 Credit Agreement.

The fair value of the Company's long-term debt is based on the market value of our long-term debt instrument. Based on the inputs used to value the long-term debt, the Company's long-term debt is categorized within Level 2 in the fair value hierarchy. As of September 30, 2022, the carrying amount of the Company's long-term debt under the 2022 Credit Agreement was \$662.4 million, and the fair value of the Company's long-term debt was \$646.4 million. As of December 31, 2021, the carrying amount of the Company's long-term debt under the 2020 Credit Agreement approximated its fair value, as the stated rate approximated market rates for loans with similar terms.

Interest Rate Cap Transaction

The Company's results are subject to risk from interest rate fluctuations on borrowings under the 2022 Credit Agreement, including the 2022 Term Loan Facility. The Company may, from time to time, utilize interest rate derivatives in an effort to add stability to interest expense and to manage its exposure to interest rate movements. On August 11, 2022, the Company entered into an interest rate cap transaction (the "interest rate cap") in connection with the 2022 Term Loan Facility, with a notional amount of \$400 million. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate applicable to the transaction, in exchange for an up-front premium paid by the Company. The Company has designated the interest rate cap as a cash-flow hedge for accounting purposes.

For derivatives designated, and that qualify, as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated Other Comprehensive Income and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings, as documented at hedge inception in accordance with the Company's accounting policy election.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Condensed Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021.

	Asset Derivatives	
	September 30, 2022	December 31, 2021
Interest rate cap		
Balance Sheet Caption		
Other Assets	\$ 4,357	\$ —

During the three and nine months ended September 30, 2022, the Company's interest rate cap generated an unrecognized pre-tax gain of \$2.4 million, recorded in Accumulated Other Comprehensive Income on the Company's Condensed Consolidated Balance Sheets. The Company also recognized Interest expense of \$0.1 million related to amortization of the interest rate cap premium paid by the Company in connection with the interest rate cap. The Company did not have an interest rate cap agreement in place during the three and nine months ended September 30, 2021.

The Company performed an initial effectiveness assessment on the interest rate cap, and determined it to be an effective hedge of the cash flows related to the interest rate payments on the 2022 Term Loan Facility. The hedge is being evaluated qualitatively on a quarterly basis for effectiveness. Changes in fair value are recorded in Accumulated Other Comprehensive Income and periodic settlements of the interest rate cap will be recorded in interest expense along with the

interest on amounts outstanding under the 2022 Term Loan Facility. Payment of the up-front premium of the interest rate cap is included within Other assets/liabilities within cash flows from operating activities on the Company's Condensed Consolidated Statements of Cash Flows.

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

NOTE 9 - EQUITY

During the nine months ended September 30, 2022, the Company converted 886,950 of cash-settled units into net stock-settled stock appreciation rights ("SARs"), with a fair value liability of \$1,632 reclassified to additional paid-in capital. The Company issued 117,180 shares of its common stock upon vesting and settlement of the converted SARs. The Company repurchased 55,244 of outstanding shares of its common stock for the net settlement of SARs for payment of taxes related to such SARs, that were accounted for as a share retirement. Additionally, the Company issued 256,846 shares of its common stock as a result of stock options exercised during the nine months ended September 30, 2022.

NOTE 10 - RELATED PARTY TRANSACTIONS

In July 2020, the Company entered into an agreement with CI&T, an information technology and software company, in which certain investment funds affiliated with Advent International Corporation (the "Advent Funds") hold a greater than 10% equity interest. During the three and nine months ended September 30, 2022, the Company paid CI&T \$153 and \$179, respectively. During the three and nine months ended September 30, 2021, the Company paid CI&T \$30 and \$189 respectively, for services related to the development, maintenance and enhancement of the Olaplex professional application, all of which were negotiated on market terms.

Tax Receivable Agreement

In connection with the Reorganization, 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 nine months ended September 30, 2022, the Company made a payment to the Pre-IPO Stockholders of \$4.2 million as required pursuant to the terms of the Tax Receivable Agreement.

NOTE 11 - CONTINGENCIES

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

As of September 30, 2022 and December 31, 2021, the Company was not subject to any pending legal matters or claims that could have a material adverse effect on its financial position, results of operations, or cash flows should such litigation be resolved unfavorably.

NOTE 12 – NET INCOME PER SHARE

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

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Numerator:				
Net Income	\$ 60,763	\$ 56,591	\$ 210,439	\$ 151,473
Denominator:				
Weighted average common shares outstanding – basic	649,099,780	648,124,642	648,963,625	648,082,081
Dilutive common equivalent shares from equity options	42,157,874	42,587,140	42,622,162	41,026,191
Weighted average common shares outstanding – diluted	691,257,654	690,711,782	691,585,787	689,108,272
Net income per share:				
Basic	\$ 0.09	\$ 0.09	\$ 0.32	\$ 0.23
Diluted	\$ 0.09	\$ 0.08	\$ 0.30	\$ 0.22

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 on Form 10-Q and with our audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 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 on Form 10-Q and in "Item 1A. – Risk Factors" in the 2021 Form 10-K.

Company Overview

OLAPLEX is an innovative, science-enabled, technology-driven beauty company. We are founded on the principle of delivering effective, patent-protected and proven performance in the categories where we compete. We strive to empower our consumers to look as beautiful on the outside as they feel on the inside.

We believe every person deserves to have healthy, beautiful hair, whether they are visiting a salon or caring for their hair at home. Our commitment to deliver results that are visible on first use, coupled with our strong sense of community across both professional hairstylists and consumers, has driven strong brand loyalty. We offer our award-winning products through a global omnichannel platform serving the professional, specialty retail, and Direct to Consumer ("DTC") channels.

OLAPLEX disrupted and revolutionized the professional hair care industry by creating the bond building category in 2014. We have grown from an initial offering of three products sold exclusively through the professional channel to a broader suite of products offered through the professional, specialty retail and DTC channels that have been strategically developed to address three key uses: treatment, maintenance and protection. Our patent-protected bond building technology repairs disulfide bonds in human hair that are destroyed via chemical, thermal, mechanical, environmental and aging processes. Our current product portfolio comprises fourteen unique, complementary products specifically developed to provide a holistic regimen for hair health.

The strength of our business model and ability to scale have created a compelling financial profile characterized by revenue growth and very strong profitability. We have developed a mutually reinforcing, synergistic, omnichannel model that leverages the strength of each of our channels and our strong digital capabilities that we apply across our sales platforms. Our professional channel serves as the foundation for our brand, validating the quality of our products and influencing our consumers' purchasing decisions. The DTC channel and specialty retail channel have both contributed to the success of our omnichannel model. Our DTC channel, comprised of OLAPLEX.com and sales through third-party e-commerce platforms, also provides us with the opportunity to engage directly with our consumers to provide powerful feedback that drives decisions we make around new product development.

Third quarter 2022 financial highlights

- Net sales increased 9.2% from \$161.6 million in the three months ended September 30, 2021 to \$176.5 million in the three months ended September 30, 2022. For the three months ended September 30, 2022, net sales in our professional channel decreased 16.0%, our specialty retail channel grew 60.1% and our DTC channel decreased 2.6%, in each case as compared to the three months ended September 30, 2021. We believe the decreases in our professional and DTC channels were driven by macroeconomic concerns that impacted the stylist community, key customers reducing inventory levels in response to lower sell through trends, and increased competitive activity including discounting.
- Gross profit margin, gross profit as a percentage of sales, decreased from 78.9% in the three months ended September 30, 2021 to 73.6% in the three months ended September 30, 2022, primarily as a result of product mix, higher input costs for warehousing, transportation, raw materials, and one-time labeling stock write-off and disposal costs.

- Operating expenses for the three months ended September 30, 2022 increased by 1.7%, as compared to the three months ended September 30, 2021, primarily as a result of increased sales and marketing expense, public company compliance and other related expenses, higher payroll due to workforce expansion, and higher professional fees, partially offset by one-time initial public offering costs and cash settled unit costs incurred in the three months ended September 30, 2021.
- Operating income increased from \$87.0 million for the three months ended September 30, 2021 to \$88.7 million for the three months ended September 30, 2022.
- Net income increased from \$56.6 million for the three months ended September 30, 2021 to \$60.8 million for the three months ended September 30, 2022.

Year-to-date 2022 financial highlights

- Net sales increased 32.8% from \$431.9 million in the nine months ended September 30, 2021 to \$573.6 million in the nine months ended September 30, 2022. For the nine months ended September 30, 2022, net sales in our professional channel grew 21.6%, our specialty retail channel grew 74.4%, and our DTC channel grew 10.1%, in each case as compared to the nine months ended September 30, 2021.
- Gross profit margin decreased from 79.1% in the nine months ended September 30, 2021 to 74.5% in the nine months ended September 30, 2022, primarily as a result of product mix, higher input costs for raw materials, warehousing, and transportation, as well as one-time inventory and labeling stock write-off and disposal costs.
- Operating expenses for the nine months ended September 30, 2022 increased by 4.0%, as compared to the nine months ended September 30, 2021, primarily as a result of increased sales and marketing expense, higher payroll due to workforce expansion, higher professional fees, share-based compensation expense and distribution and fulfillment expenses, partially offset by one-time initial public offering costs, legal costs, and cash settled unit costs incurred in the nine months ended September 30, 2021.
- Operating income increased from \$235.7 million for the nine months ended September 30, 2021 to \$317.3 million for the nine months ended September 30, 2022.
- Net income increased from \$151.5 million for the nine months ended September 30, 2021 to \$210.4 million for the nine months ended September 30, 2022.

Results of operations

Comparison of the Three Months Ended September 30, 2022 to the Three Months Ended September 30, 2021

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

	Three Months Ended September 30,			
	2022		2021	
	(in thousands)	% of Net sales	(in thousands)	% of Net sales
Net sales	\$ 176,454	100.0 %	\$ 161,624	100.0 %
Cost of sales:				
Cost of product (excluding amortization)	45,484	25.8	32,462	20.1
Amortization of patented formulations	1,142	0.6	1,680	1.0
Total cost of sales	46,626	26.4	34,142	21.1
Gross profit	129,828	73.6	127,482	78.9
Operating expenses:				
Selling, general, and administrative	30,807	17.5	30,257	18.7
Amortization of other intangible assets	10,329	5.9	10,182	6.3
Total operating expenses	41,136	23.3	40,439	25.0
Operating income	88,692	50.3	87,043	53.9
Interest expense	(10,499)	(5.9)	(14,987)	(9.3)
Other expense, net	(2,251)	(1.3)	(213)	(0.1)
Income before provision for income taxes	75,942	43.0	71,843	44.5
Income tax provision	15,179	8.6	15,252	9.4
Net income	\$ 60,763	34.4	\$ 56,591	35.0

Net Sales

The Company distributes products in the U.S. and internationally through professional distributors in the salon channel, directly to retailers for sale in their physical stores and e-commerce sites, and DTC through sales to pure-play e-commerce customers and through the Company's own Olaplex.com websites. As such, our three business channels consist of professional, specialty retail and DTC as follows:

(in thousands)	For the Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
Net sales by Channel:				
Professional	\$ 62,991	\$ 74,978	\$ (11,987)	(16.0)%
Specialty retail	74,191	46,343	27,848	60.1 %
DTC	39,272	40,303	(1,031)	(2.6)%
Total Net sales	\$ 176,454	\$ 161,624	\$ 14,830	9.2 %

The decline in professional was driven by volume decline from decreased velocity (sales per point of distribution) of existing products, which the Company believes is due to macroeconomic concerns impacting the stylist community, and certain key distributors opting to reduce inventory levels in response to the lower sell through trends. Net sales decline in the U.S. was partly offset by net sales growth in Italy, the U.K. and Germany. Sales growth in these countries is primarily attributable to product price increases effected by the Company during the three months ended September 30, 2022, and the net impact of new products launched since September 30, 2021, including 1-liter sizes in No. 4 Bond Maintenance Shampoo, No.4C Bond Maintenance Clarifying Shampoo, and No. 5 Bond Maintenance Conditioner.

The growth in specialty retail was driven by the addition of new customers and the net impact of new products launched since September 2021, which include No. 9 Bond Protector Nourishing Hair Serum and No. 4C Bond Maintenance Clarifying Shampoo. A deceleration in sell-through trends amongst certain of the Company's U.S. specialty retail customers, which the Company believes was related to increased competitive activity including discounting, was more than offset by the Company's successful launch into Ulta Beauty, a higher sell-in of holiday kits and pricing changes in the U.S and international markets.

The decline in DTC was driven by the volume decline from decreased velocity at Olaplex.com, particularly in the U.S. The Company believes this decline was driven by deceleration in sell-through trends amongst certain of the Company's third party DTC customers related to increased competitive activity including discounting, offset by a higher sell-in of holiday kits and pricing changes.

Cost of Sales and Gross Profit

(in thousands)	For the Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
	Cost of sales	\$ 46,626	\$ 34,142	\$ 12,484
Gross profit	\$ 129,828	\$ 127,482	\$ 2,346	1.8 %

Our cost of sales increased primarily due to inflationary pressures and growth in sales volume, as well as increases related to write-off and disposal costs of \$1.6 million related to unused labeling stock that became obsolete as a result of regulation changes in the E.U., and distribution start-up costs of \$0.4 million, partially offset by a \$0.5 million decrease in the amortization of our acquired patented formulations.

Our gross profit margin, gross profit as a percentage of sales, decreased from 78.9% in the three months ended September 30, 2021 to 73.6% in the three months ended September 30, 2022, as a result of increased input costs for warehousing, transportation and raw materials, which accounted for approximately four percentage points of the decline, inflation on product costs, and labeling stock write off and disposal costs, with the remainder relating to product and customer mix. Gross profit margin was also adversely impacted due to increased sales of holiday kits at a lower margin versus the individual products in the Company's product portfolio, which was offset by the benefit of the product price increase effected by the Company during the three months ended September 30, 2022.

Operating Expenses

(in thousands)	For the Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
	Selling, general, and administrative expenses	\$ 30,807	\$ 30,257	\$ 550
Amortization of other intangible assets	10,329	10,182	147	1.4 %
Total operating expenses	\$ 41,136	\$ 40,439	\$ 697	1.7 %

The increase in selling, general and administrative expenses was primarily driven by increases of \$4.3 million in sales and marketing expense, \$2.5 million in public company compliance and other related expenses, \$2.2 million in payroll expenses driven by workforce expansion, and \$2.1 million of professional fees, partially offset by \$6.1 million in non-capitalizable IPO and strategic transition costs and \$4.4 million in cash-settled units compensation expense recorded in the three months ended September 30, 2021.

Interest Expense, Net

(in thousands)	For the Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
	Interest expense, net	\$ (10,499)	\$ (14,987)	\$ 4,488

Interest expense decreased due to the Company refinancing its previously-existing 2020 Credit Agreement (as defined below) with a new 2022 Credit Agreement (as defined below) during the three months ended March 31, 2022, which reduced the Company's outstanding debt and lowered the interest rate in respect thereof, in the three months ended September 30, 2022. See "Liquidity and Capital Resources Requirements – Credit Facility" for additional information.

Other Expense, Net

(in thousands)	For the Three Months Ended September 30,			
	2022	2021	\$ Change	% Change
	Other expense, net	\$ (2,251)	\$ (213)	\$ (2,038)

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

Income Tax Provision

(in thousands)	For the Three Months Ended September 30,		\$ Change	% Change
	2022	2021		
Income tax provision	\$ 15,179	\$ 15,252	\$ (73)	(0.5)%

The Company's effective tax rate was 20.0% for the three months ended September 30, 2022, as compared to 21.2% for the three months ended September 30, 2021. The Company's effective tax rate for the three months ended September 30, 2022 is lower than the statutory tax rate of 21% primarily due to the benefit associated with the foreign derived intangible income deduction ("FDII"), which results in income from the Company's sales to foreign customers being taxed at a lower effective tax rate, partially offset by the net impact of state income taxes. The decrease in the effective tax rate from the comparative prior three months period is primarily due to the unfavorable impact of non-recurring IPO costs that were not deductible for tax purposes in the three months ended September 30, 2021.

Comparison of the Nine Months Ended September 30, 2022 to the Nine Months Ended September 30, 2021

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

	Nine Months Ended September 30,			
	2022		2021	
	(in thousands)	% of Net sales	(in thousands)	% of Net sales
Net sales	\$ 573,553	100.0 %	\$ 431,867	100.0 %
Cost of sales:				
Cost of product (excluding amortization)	140,999	24.6	83,859	19.4
Amortization of patented formulations	5,091	0.9	6,399	1.5
Total cost of sales	146,090	25.5	90,258	20.9
Gross profit	427,463	74.5	341,609	79.1
Operating expenses:				
Selling, general, and administrative	79,232	13.8	75,323	17.4
Amortization of other intangible assets	30,890	5.4	30,547	7.1
Total operating expenses	110,122	19.2	105,870	24.5
Operating income	317,341	55.3	235,739	54.6
Interest expense	(30,653)	(5.3)	(46,052)	(10.7)
Other expense, net				
Loss on extinguishment of debt	(18,803)	(3.3)	—	—
Other expense, net	(3,852)	(0.7)	(417)	(0.1)
Total other expense, net	(22,655)	(3.9)	(417)	(0.1)
Income before provision for income taxes	264,033	46.0	189,270	43.8
Income tax provision	53,594	9.3	37,797	8.8
Net income	\$ 210,439	36.7	\$ 151,473	35.1

Net Sales

(in thousands)	For the Nine Months Ended September 30,			
	2022	2021	\$ Change	% Change
Net sales by Channel:				
Professional	\$ 245,539	\$ 201,855	\$ 43,684	21.6 %
Specialty retail	\$ 202,692	\$ 116,201	\$ 86,491	74.4 %
DTC	\$ 125,322	\$ 113,811	\$ 11,511	10.1 %
Total Net sales	\$ 573,553	\$ 431,867	\$ 141,686	32.8 %

The growth in professional was driven by volume growth from increased velocity (sales per point of distribution) of existing products and the net impact of new products launched since September 30, 2021, which include No.4P Blonde Enhancer Toning Shampoo, No. 9 Bond Protector Nourishing Hair Serum, and No. 4C Bond Maintenance Clarifying Shampoo, and 1-liter sizes in No. 4 Bond Maintenance Shampoo, No. 5 Bond Maintenance Conditioner, and No. 4C Bond Maintenance Clarifying Shampoo. The Company also experienced significant net sales growth in the U.S., Germany and Italy.

The growth in specialty retail was driven by the addition of new customers and the net impact of new products launched since September 30, 2021, which include No. 9 Bond Protector Nourishing Hair Serum, No. 4P Blonde Enhancer Toning Shampoo, and No. 4C Bond Maintenance Clarifying Shampoo. The Company experienced significant net sales growth in the U.S., Canada, and France.

The growth in DTC was driven by the net impact of volume growth from new products launched since September 30, 2021, which include No. 4P Blonde Enhancer Toning Shampoo, No. 9 Bond Protector Nourishing Hair Serum, and No. 4C Bond Maintenance Clarifying Shampoo. The Company experienced net sales growth in the U.S. and China.

Cost of Sales and Gross Profit

(in thousands)	For the Nine Months Ended September 30,			
	2022	2021	\$ Change	% Change
Cost of sales	\$ 146,090	\$ 90,258	\$ 55,832	61.9 %
Gross profit	\$ 427,463	\$ 341,609	\$ 85,854	25.1 %

Our cost of sales increased primarily due to inflationary pressures and growth in sales volume, a \$4.3 million increase due to inventory write-off and disposal costs related to unused stock of a product that the Company reformulated in June 2021 as a result of regulation changes in the E.U, and a \$1.6 million increase due to write-off and disposal costs related to unused labeling stock that became obsolete as a result of regulation changes in the E.U. The increase in cost of sales was partially offset by a \$1.3 million decrease in the amortization of our acquired patented formulations.

Our gross profit margin decreased from 79.1% in the nine months ended September 30, 2021 to 74.5% in the nine months ended September 30, 2022 due to increased input costs for warehousing, transportation, and raw materials, which accounted for approximately three percentage points of the decline, with the remainder relating to product and channel mix, and the inventory write-off and disposal costs, labeling stock write-off and disposal costs, and distribution start up costs discussed above.

Operating Expenses

(in thousands)	For the Nine Months Ended September 30,			
	2022	2021	\$ Change	% Change
Selling, general, and administrative expenses	79,232	75,323	\$ 3,909	5.2 %
Amortization of other intangible assets	30,890	30,547	343	1.1 %
Total operating expenses	\$ 110,122	\$ 105,870	\$ 4,252	4.0 %

Selling, general and administrative expenses increased primarily due to increases of \$8.8 million in sales and marketing expense, \$7.7 million in payroll driven by workforce expansion, \$7.2 million in public company compliance and other related expenses, \$3.9 million in professional fees, \$2.3 million in share-based compensation expense, and \$2.1 million in distribution and fulfillment costs related to the increase in product sales volume, partially offset by a decrease of \$14.3 million in general and administrative expenses primarily related to non-recurring litigation costs, \$8.4 million in non-capitalizable IPO and strategic transition costs and \$5.4 million in cash-settled units compensation expense recorded in the nine months ended September 30, 2021.

Interest Expense, Net

(in thousands)	For the Nine Months Ended September 30,			
	2022	2021	\$ Change	% Change
Interest expense	\$ (30,653)	\$ (46,052)	\$ 15,399	(33.4)%

Interest expense decreased due to the Company refinancing its 2020 Credit Agreement with a new 2022 Credit Agreement in February 2022, which reduced the Company's outstanding debt and lowered the interest rate in respect thereof, in the nine months ended September 30, 2022. See "Liquidity and Capital Resources Requirements – Credit Facility" for additional information.

Other Expense, Net

(in thousands)	For the Nine Months Ended September 30,		\$ Change	% Change
	2022	2021		
Loss on extinguishment of debt	\$ (18,803)	\$ —	\$ (18,803)	— %
Other expense, net	(3,852)	(417)	(3,435)	823.7 %
Total other expense, net	\$ (22,655)	\$ (417)	\$ (22,238)	5332.9 %

As a result of the debt refinancing that occurred during the nine months ended September 30, 2022, as described above, the Company recorded \$18.8 million of loss on extinguishment of debt. Other expense, net also increased primarily due to an increase in foreign currency transaction losses driven by the strengthening of the U.S. dollar.

Income Tax Provision

(in thousands)	For the Nine Months Ended September 30,		\$ Change	% Change
	2022	2021		
Income tax provision	\$ 53,594	\$ 37,797	\$ 15,797	41.8 %

Our effective tax rate was 20.3% for the nine months ended September 30, 2022, as compared to 20.0% for the nine months ended September 30, 2021. The Company's effective tax rate in the nine months ended September 30, 2022 is lower than the statutory tax rate of 21% primarily due to the benefit associated with the foreign derived intangible income deduction ("FDII"), which results in income from the Company's sales to foreign customers being taxed at a lower effective tax rate, partially offset by the net impact of state income taxes.

Tax Receivable Agreement

Based on current tax laws and assuming that the Company earns sufficient taxable income to realize the full tax benefits subject to the Tax Receivable Agreement, we expect that future payments under the Tax Receivable Agreement relating to certain tax benefits of tax attributes existing prior to the Company's 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 the Company and its wholly-owned subsidiaries, could aggregate to \$225.1 million over the 14-year period under the Tax Receivable Agreement. Payments under the Tax Receivable Agreement are not conditioned upon the parties' continued ownership of the Company. During the nine months ended September 30, 2022, the Company made a payment to the Pre-IPO Stockholders of \$4.2 million as required pursuant to the terms of the Tax Receivable Agreement. The remaining Tax Receivable Agreement payment obligation as of September 30, 2022 is \$225.1 million, of which \$208.6 million was recorded in long term liabilities and \$16.5 million was recorded in current liabilities.

Financial Condition, Liquidity and Capital Resources

Overview

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

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

A considerable portion of our operating income is earned outside the United States; however, the majority of our bank deposits are held within the United States.

As of September 30, 2022, we had \$249.4 million of cash and cash equivalents. In addition, as of September 30, 2022, we had borrowing capacity of \$150.0 million under the 2022 Revolver (as defined below), providing us with a liquidity position of \$558.7 million, including \$159.3 million of working capital excluding cash and cash equivalents.

Cash Flows

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

(in thousands)	For the Nine Months Ended September 30,	
	2022	2021
Net cash provided by (used in):		
Operating activities	\$ 181,807	\$ 130,325
Investing activities	(1,712)	(5,359)
Financing activities	(117,084)	(14,451)
Net increase in cash and cash equivalents:	<u>\$ 63,011</u>	<u>\$ 110,515</u>

Operating Activities

The increase in net cash provided by operating activities was primarily a result of an increase in net income of \$59.0 million and adjusting items, partially offset by the loss on extinguishment of debt of \$18.8 million related to the refinancing of the 2020 Credit Agreement, inventory and unused labeling write-offs and disposal adjustments of \$6.0 million recorded in the nine months ended September 30, 2022, and other changes in working capital.

Investing Activities

The Company's investing activities include purchases of software, property and equipment.

Financing Activities

The Company's financing activities for the nine months ended September 30, 2022 primarily consisted of cash outflows for payments on our long-term debt and debt issuance costs, offset by proceeds from the issuance of the 2022 Credit Agreement. For the nine months ended September 30, 2021, the Company's financing activities primarily consisted of cash outflows for payments on our long-term debt.

Liquidity and Capital Resources Requirements

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

Credit Facility

On February 23, 2022, Olaplex, Inc. entered into a seven-year \$675 million senior-secured term loan facility (the "2022 Term Loan Facility") and a five-year \$150 million senior-secured revolving credit facility (the "2022 Revolver"), which includes a \$25 million letter of credit sub-facility and a \$25 million swingline loan sub-facility (collectively, the "2022 Credit Agreement"). The 2022 Credit Agreement refinanced and replaced the previously existing secured credit agreement entered into by Olaplex, Inc. in January 2020 (such agreement, as amended, the "2020 Credit Agreement"). The 2020 Credit Agreement consisted of an \$800 million term loan facility and a \$51 million revolving credit facility, which included a \$10 million letter of credit sub-facility and a \$5 million swingline loan facility.

Installment payments on the 2022 Term Loan Facility are required to be made in quarterly installments of \$1.7 million, with the remaining balance due upon maturity.

The interest rate on outstanding debt under the 2022 Term Loan Facility was 6.1% as of September 30, 2022. The interest rates for all facilities under the 2022 and 2020 Credit Agreements were calculated based upon the Company's election between the applicable published reference rate at time of election plus an additional interest rate spread, or an "Alternate

Base Rate” (as defined in the 2022 Credit Agreement or the 2020 Credit Agreement, as applicable) plus an additional interest rate spread.

We incurred costs directly related to the 2022 Credit Agreement of \$11.9 million, consisting primarily of lender fees of \$1.7 million and third-party fees of \$10.2 million during the nine months ended September 30, 2022. These fees were allocated between the 2022 Revolver and the 2022 Term Loan Facility. 2022 Term Loan Facility fees are capitalized and recorded as a reduction of the carrying amount of non-current debt, 2022 Revolver Facility fees are capitalized and recorded as Other Assets on the balance sheet.

The 2022 Credit Agreement includes, and the 2020 Credit Agreement included, reporting, financial, and maintenance covenants that require, among other things, for the Company to comply with certain maximum secured leverage ratios, which the Company was in compliance with on September 30, 2022 and December 31, 2021. Substantially all the assets of the Company constitute collateral under the 2022 Credit Agreement.

As of September 30, 2022, the Company had outstanding indebtedness under the 2022 Credit Agreement of \$671.6 million, of which \$6.8 million was classified as current. As of September 30, 2022, the Company had \$150.0 million of available borrowing capacity under the 2022 Revolver.

On August 11, 2022, the Company entered into an interest rate cap transaction in connection with the 2022 Term Loan Facility, with a notional amount of \$400 million, in order to limit its exposure to potential increases in future interest rates related to the 2022 Term Loan Facility. The Company has designated the interest rate cap as a cash-flow hedge for accounting purposes. See “Note 8. Long-Term-Debt – Interest Rate Cap Transaction” to our unaudited interim Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for additional information.

Tax Receivable Agreement Obligations

Although the actual amount and timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors including the amount, character and timing of the Company’s and its subsidiaries’ taxable income in the future and the tax rates then applicable to us and our subsidiaries, we expect the payments that will be required to be made under the Tax Receivable Agreement will be substantial and to be funded out of working capital. See “Comparison of the Nine Months ended September 30, 2022 to the Nine Months ended September 30, 2021 – Tax Receivable Agreement” above for additional information.

Contractual Obligations and Commitments

There were no material changes outside the ordinary course of business to our contractual obligations since the filing of Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2022.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies and Estimates

Our unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that we believe to be reasonable. Actual results may differ from those estimates. We review these estimates on a periodic basis to ensure reasonableness. Although actual amounts may differ from such estimated amounts, we believe such differences are not likely to be material. For additional detail regarding our critical accounting policies including revenue recognition, inventory, business combinations, valuation of goodwill, share based compensation, income taxes and the Tax Receivable Agreement, see our discussion for the year ended December 31, 2021 in the 2021 Form 10-K. There have been no material changes to these policies in the three and nine months ended September 30, 2022.

New Accounting Pronouncements

See “Note 2. Summary of Significant Accounting Policies” to our unaudited interim Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for information regarding new accounting pronouncements.

JOBS Act Accounting Election

Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period to comply with new or revised accounting standards and to adopt certain of the reduced disclosure requirements available to emerging growth companies. As a result of the accounting standards election, we will not be subject to the same implementation timing for new or revised accounting standards as other public companies that are not emerging growth companies which may make comparison of our financials to those of other public companies more difficult.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

Our results are subject to risk from interest rate fluctuations on borrowings under the 2022 Credit Agreement. Our borrowings bear interest at a variable rate; therefore, we are exposed to market risks relating to changes in interest rates. When the reference rates under our 2022 Term Loan Facility increase, the interest payments we must make thereon also increase which can impact our future earnings and cash flows. As of September 30, 2022, we had \$672 million of outstanding variable rate loans under the 2022 Term Loan Facility. Based on our September 30, 2022 variable rate loan balances, an increase or decrease of 1% in the effective interest rate would cause an increase or decrease in interest cost of approximately \$6.7 million over the next 12 months.

On August 11, 2022, we entered into an interest rate cap transaction in connection with the 2022 Term Loan Facility, with a notional amount of \$400 million, in order to limit our exposure to potential increases in future interest rates related to the 2022 Term Loan Facility. The Company has designated the interest rate cap as a cash-flow hedge for accounting purposes.

See “Note 8. Long-Term-Debt – Interest Rate Cap Transaction” to our unaudited interim Condensed Consolidated Financial Statements included in Item 1 of this Quarterly Report on Form 10-Q for additional information.

Inflation

Inflationary factors such as increases in the cost of sales for our products and overhead costs may adversely affect our operating results. A high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling general & administrative expenses as a percentage of net revenue if the selling prices of our products do not increase with these increased costs.

Foreign Exchange Risk

Our reporting currency is the U.S. dollar. Gains or losses due to transactions in foreign currencies are reflected in the Consolidated Statements of Comprehensive Income under the line-item other expense, net. We have not engaged in the hedging of foreign currency transactions to date, although we may choose to do so in the future. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our Condensed Consolidated Financial Statements.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and to ensure that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. Our management has evaluated, under the supervision and with the participation of our 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 Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2022.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations in Effectiveness of Controls

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

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may 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. We are not currently a party to any litigation or legal proceeding that, in the opinion of our management, is likely to have a material adverse effect on our business, results of operations, financial condition or cash flows.

Reasonably possible losses in addition to the amounts accrued for such litigation and legal proceedings are not material to our Consolidated Financial Statements. In addition, we believe that protecting our intellectual property is essential to our business and we have in the past, and may in the future, become involved in proceedings to enforce our rights. Regardless of outcome, litigation 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.

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 2021 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

None.

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>Amended and Restated Bylaws of Olaplex Holdings, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, filed on November 10, 2021 (File No. 001-40860)).</u>
<u>10.1</u> [#]	<u>Letter Agreement, dated October 16, 2022, by and between Olaplex Inc. and Tiffany Walden.</u>
<u>10.2</u> [#]	<u>Amended and Restated Nonqualified Stock Option Award Agreement, effective as of December 31, 2022, by and between Olaplex Holdings, Inc. and Tiffany Walden.</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)

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

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

SIGNATURES

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

November 9, 2022

OLAPLEX HOLDINGS, INC.

By: /s/ JuE Wong

Name: JuE Wong

Title: President and Chief Executive Officer
(Principal Executive Officer)

November 9, 2022

By: /s/ Eric Tiziani

Name: Eric Tiziani

Title: Chief Financial Officer
(Principal Financial Officer)

October 16, 2022

Tiffany Walden

Dear Tiffany:

The purpose of this letter agreement (this "Agreement") is to confirm (i) the terms of the remainder of your employment with Olaplex, Inc. (the "Company"), (ii) the terms of your engagement to provide consulting services to the Company, and (iii) the rights and obligation of the parties in connection with your separation from the Company, as follows:

1. Transition Period, Termination Date and Resignations.

- a. Effective as of October 18, 2022 (the "Transition Date") and continuing through the date on which your employment terminates (the "Termination Date"), you will continue to be employed by the Company on a full-time basis. Provided that you comply in full with your obligations hereunder, it is expected that the Termination Date will be on December 31, 2022. The period beginning on the Transition Date and concluding on the Termination Date is hereinafter referred to as the "Transition Period".
 - b. During the Transition Period, you will continue to receive your base salary, payable at the rate in effect as of the date hereof, and to participate in all employee benefit plans of the Company in accordance with the terms of those plans. During the Transition Period you will serve as a senior advisor, and as such will be reasonably available to (i) aid in the transition of your duties and responsibilities as Chief Operating Officer to such individuals as designated by the Chief Executive Officer, (ii) provide strategic advice to the Chief Executive Officer, the Senior Vice President of Professional Sales, and such other employees as may be designated by the Chief Executive Officer regarding the professional sales channel, (iii) assist in transitioning and otherwise supporting any other business strategies, initiatives, relationships and/or personnel within other Company departments, as determined by the Chief Executive Officer, and (iv) perform such other duties as may be reasonably assigned to you from time to time by the Company's Chief Executive Officer. Provided, however, that you shall not be required to (x) attend weekly standing calls with the Company's Executive Leadership Team, the Board, or Advent International Corporation; and (y) travel to customer meetings. You will continue to devote your best professional efforts to the Company and to abide by all Company policies and procedures as in effect from time to time. You will not incur any business expenses during the Transition Period without the advance approval of the Chief Executive Officer or her designee.
 - c. If the Company terminates your employment for Cause (as defined in the Termination Protection Agreement by and between you and the Company dated as of January 8, 2020 (the "Termination Protection Agreement")) or if you resign for any reason prior to December 31, 2022, you will not be eligible to receive the payments and benefits described in Section 4 hereof.
 - d. You hereby resign, effective as of the Transition Date, from all of your positions at the Company and its Affiliates (including without limitation your position as Chief Operating Officer and as a member of the Board of Directors (the "Board") of Olaplex Holdings, Inc. (the successor to Penelope Holdings Corp.) ("Holdings") and any officer, director, manager, trustee or other position with any subsidiary or other Affiliate of the Company), without any further action required therefor (collectively, the "Resignations"), provided that you will remain an employee of the Company through the Termination Date, in the capacity set forth in Section 1(b) above. The Company, on its own behalf and on behalf of its subsidiaries and Affiliates, hereby accepts the Resignations as of the Transition Date, and you agree to execute such additional documentation as the Company may request to effectuate the foregoing. You also agree, effective as of the Transition Date, to resign from your position as a member of the Board of Directors of Ginkgo Bioworks Holdings, Inc.
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2. **Final Salary.** You will receive, on the Termination Date, pay for all work you performed for the Company through the Termination Date, to the extent not previously paid. You will receive the payment described in this Section 2 regardless of whether or not you sign this Agreement.

 3. **Consulting Period.**
 - a. Effective January 1, 2023 (the “**Commencement Date**”), provided your employment has not earlier been terminated by the Company for Cause or due to your resignation for any reason, you will serve as an outside senior advisor to the Company and provide certain consulting services to the Company as may be reasonably requested by the Company from time to time, including, without limitation, providing information, advice and other consulting services upon the request of the Chief Executive Officer, the Lead Director of the Board and/or the Chair of the Board and cooperating with the Company and its Affiliates in accordance with Section 9 below (including, for the avoidance of doubt, with respect to the Colombia litigation asserted by the Company’s former distributor, Alter Ego (the “**Colombia Litigation**”)) (the “**Consulting Services**”). You agree to devote as much business time as is reasonably necessary to properly perform the Consulting Services. The Company’s obligation to enter into this consulting arrangement and pay you the Transition Payment, FY 2022 Bonus, Cash Severance Payments and Consulting Fees set forth below is conditioned on your timely executing and not revoking the Release and complying at all times with this Agreement and your Continuing Obligations (as defined below). The term of your consulting engagement hereunder (the “**Consulting Period**”) will continue until December 31, 2027 or through such earlier date of termination as permitted pursuant to this Section 3(a). The Company may terminate the Consulting Period and your engagement hereunder at any time upon notice to you (i) in the event of your breach of Section 7 of this Agreement or your Continuing Obligations or (ii) for Cause (as defined in your Termination Protection Agreement). You may terminate the Consulting Period and your engagement hereunder upon 60 days’ advance written notice to the Company. The final day of the Consulting Period, howsoever occurring, is the “**Consulting Termination Date**”. In the event you terminate the Consulting Period prior to January 1, 2027, you will be required to return to the Company the Transition Payment, the FY 2022 Bonus, and all Cash Severance Payments and Consulting Fees paid to you through the Consulting Termination Date, and the Company shall have no further obligation to you with respect to any of the foregoing. Upon the Company’s termination of the Consulting Period as set forth above or your termination of the Consulting Period on or after January 1, 2027, the Company shall have no further obligation to you with respect to the Consulting Services, other than for payment of the Consulting Fees through the Consulting Termination Date in accordance with Section 4(d) below and solely to the extent not already paid.
 - b. You and the Company expressly agree that, in providing the Consulting Services to the Company under this Agreement, you will (i) be an independent contractor and will not be an employee or agent of the Company or any of its Affiliates, (ii) be permitted to perform the Consulting Services remotely from home or any location, (iii) be able to set your own hours of work, (iv) be permitted to perform and provide services to others during the Consulting Period, and (v) not be required to work full-time or maintain normal office hours, in each case subject to the reasonable business needs of the Company and your compliance with Section 7 of this Agreement and your continued compliance with your Continuing Obligations. You agree that you will have no right to make any commitments on behalf of the Company or any of its Affiliates without the express written consent of an authorized officer of the Company. You further agree that you will provide the Consulting Services independently and will not receive training or direction from the Company or any of its Affiliates, other than as to the goals to be achieved through the provision of such services; provided, however, that you agree to abide by all Company policies and procedures as in effect from time to time for Company service providers. As an independent contractor, (i) you will be solely responsible for obtaining any required insurance and for the withholding and payment of all federal, state and local income taxes, Social Security and Medicare taxes, and any and all other legally required payments on the Consulting Fees and (ii) you will not be eligible to participate in or receive benefits under any of the employee benefit plans, programs and arrangements maintained by the Company or any of its Affiliates, other than pursuant to COBRA (as defined below).

 4. **Transition Benefits and Consulting Fees.** In consideration of your acceptance of this Agreement and subject to your meeting in full your Continuing Obligations and your obligations hereunder, including your obligation to execute a post-employment general release and waiver of claims in the form attached hereto as Exhibit A (the
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“Release”), and in full consideration of any rights you have under the Termination Protection Agreement, the Company will provide you with the following payments and benefits:

- a. The Company will pay you a cash transition payment in the amount of \$1,000,000, less applicable taxes and withholding, on December 31, 2022 (the “Transition Payment”); provided, that, in the event that you do not satisfy your obligation to timely execute the Release, you must repay the Company Transition Payment within 30 days of the Termination Date.
 - b. You will remain eligible to earn your fiscal year 2022 annual bonus (the “FY 2022 Bonus”), as if you had remained employed through the date of payment. The Company will pay you the FY 2022 Bonus, if any, less applicable taxes and withholding, on the same date and on the same basis that the Company pays fiscal year 2022 annual bonuses to executives generally, with the amount of such bonus to be based on the Company’s actual achievement of its fiscal year 2022 performance goals, as determined by the Board (or the Compensation Committee of the Board) in its sole discretion. Your individual performance goals will be deemed to have been satisfied at 100% for purposes of the FY 2022 Bonus.
 - c. If you are enrolled in the Company’s group medical, dental and/or vision plans on the Termination Date, and you elect to continue your participation and that of your eligible dependents in those plans for a period of time pursuant to the federal law known as “COBRA” or similar applicable state law (together, “COBRA”), the Company will contribute to the premium costs of your COBRA continuation coverage at the same rate that it contributes from time to time to group medical, dental and/or vision insurance premiums (as applicable) for its active employees until the earlier of (a) the date that is eighteen (18) months following the Termination Date and (b) the date that you cease to be eligible for coverage under COBRA or Company plans. Notwithstanding the foregoing, in the event that the Company’s payment of the COBRA premium contributions, as described in this Section, would subject the Company to any tax or penalty under Section 105(h) of the Internal Revenue Code of 1986, as amended, the Patient Protection and Affordable Care Act, as amended, any regulations or guidance issued thereunder, or any other applicable law, in each case, as determined by the Company, then you and the Company agree to work together in good faith to restructure such benefit.
 - d. During the Consulting Period, the Company will pay you (i) severance at an annualized rate of \$650,000, less applicable taxes and withholding, for the first twenty-four (24) months that the Consulting Period remains in effect (the “Cash Severance Payments”), and (ii) consulting fees at an annualized rate of \$325,000 for the remaining thirty-six (36) months that the Consulting Period remains in effect, as applicable (the “Consulting Fees”). The Cash Severance Payments and the Consulting Fees will be paid on a monthly basis, with the first such payment commencing on the date that is at least five (5) business days following the later of the effective date of the Release or the date such Release is actually received by the Company. The first payment will be retroactive to the Commencement Date.
 - e. The parties acknowledge and agree, that as of the Termination Date (assuming it occurs on December 31, 2022), you will hold 3,912,461 vested options (less any options you exercise, pursuant to the preclearance procedures set forth in the Company’s Insider Trading Policy, between the date hereof and the Termination Date) (your “Vested Options”) and 5,738,632 unvested options (your “Unvested Options” and, together with your Vested Options, your “Options”) to purchase shares of common stock of Holdings granted to you under the Penelope Holdings Corp. 2020 Equity Incentive Plan (as assumed by Holdings in connection with the IPO, the “Plan”) on May 2, 2020 pursuant to the Nonqualified Stock Option Award Agreement (the “Award Agreement”) between you and Holdings. You and the Company agree to amend and restate the Award Agreement in the form appended hereto as Exhibit B (the “Amended and Restated Award Agreement”) to provide that 3,465,207 of your Unvested Options (the “Post-Separation Options”) will remain outstanding and eligible to vest in accordance with the vesting schedule set forth therein, subject to your continued compliance with the restrictive covenants set forth in the Amended and Restated Award Agreement. In the event you breach any such restrictive covenants in the Amended and Restated Award Agreement, (i) you will immediately and automatically forfeit for no consideration your Unvested Options including any that vest after the date hereof and any shares of common stock of Holdings received upon the exercise of any of the Unvested Options that vest after the date hereof and (ii) the Company will have the right to claw back any proceeds received upon the sale of any such shares of common stock of Holdings received upon the exercise of any of the Unvested Options that vest after the date hereof.
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5. Acknowledgement of Full Payment and Withholding.

- a. You acknowledge and agree that the payments provided under Section 2 of this Agreement are in complete satisfaction of any and all compensation or benefits due to you from the Company or any of its Affiliates, whether for services provided to the Company or any of its Affiliates, under the Termination Protection Agreement or otherwise, through the Termination Date and that, except as expressly provided under this Agreement, no further compensation or benefits are owed or will be provided to you.
- a. Except as provided in Section 3(b), all payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law and all other lawful deductions authorized by you.

6. Status of Employee Benefits, Paid Time Off, Expenses and Equity.

- a. Except for any right you may have to continue your participation and that of your eligible dependents in the Company's group health plans under COBRA, your participation in all employee benefit plans of the Company will end as of the Termination Date, in accordance with the terms of those plans. You will not continue to be eligible for paid time off or other similar benefits after the Termination Date. You will receive information about your COBRA continuation rights under separate cover.
- a. Within two (2) weeks following the Termination Date, you must submit your final expense reimbursement statement reflecting all business expenses you incurred through the Termination Date, if any, for which you seek reimbursement, and, in accordance with Company policy, reasonable substantiation and documentation for the same. The Company will reimburse you for your authorized and documented expenses within thirty (30) days of receiving such statement pursuant to its regular business practice.
- a. You acknowledge and agree that (i) all vesting of your Options will cease as of the Termination Date, except as expressly set forth in the Amended and Restated Award Agreement, and (ii) your rights and obligations with respect to your Options shall continue to be governed by the terms of the Plan and the Amended and Restated Award Agreement.

7. Continuing Obligations, Non-Competition and Non-Solicitation, Confidentiality and Non-Disparagement.

- a. Subject to Section 10(b) of this Agreement, you acknowledge that you continue to be bound by your obligations under the Termination Protection Agreement, the Employee Agreement dated as of January 8, 2020, and the Restrictive Covenants Agreement (the "RCA") by and among you, the Company and Holdings made and effective as of May 2, 2020 that, in each case, survive the termination of your employment (including, without limitation, Sections 2(a)-(d) of the Termination Protection Agreement, Sections 1 and 2 of the Employee Agreement, and Sections 1, 2 and 3 of the RCA) (collectively, the "Continuing Obligations").
 - b. In exchange for the payments and benefits provided to you under this Agreement, to which you acknowledge that you would not otherwise be entitled, you also agree as follows:
 - i. For the duration of the Transition Period and the Consulting Period and continuing until the earlier of (i) two (2) years following the Consulting Termination Date and (ii) December 31, 2027 (in the aggregate, the "Restricted Period"), you shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, in any capacity similar or related to the capacity in which you have been employed or engaged by the Company or any of its Affiliates (or any of their respective predecessors), (A) engage in all or any portion of the Business in any geographic area in which the Company or any of its Affiliates conducts the Business or is
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actively planning to conduct the Business during the Transition Period or Consulting Period or, with respect to the portion of the Restricted Period following the Consulting Termination Date, as of the Consulting Termination Date (the “Restricted Area”) or undertake any planning to conduct any Business competitive with the Company or any of its Affiliates in the Restricted Area, or (B) provide services to a distributor or channel partner of the Company or any of its Affiliates. For purposes of this Agreement, the “Business” means the manufacture, production, development, sale, marketing and/or distribution, by any means and through any channel, of liquid or chemical hair care or scalp care products. For the avoidance of doubt, “Business” shall not include the manufacture, production, development, sale, marketing and/or distribution of electronic products, synthetic/human hair extensions, or skin care products (other than scalp care products), and shall not include any business for which hair care and scalp care collectively represent less than 3% of the business’s gross sales and less than \$2,500,000 in sales annually and which has no intent to increase its hair care and scalp care sales above these thresholds. For purposes of this Agreement, “Affiliates” means all Persons directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.

- ii. During the Restricted Period, you will not, directly or indirectly, (i) solicit or encourage any customer (other than a retail consumer who is a natural person), vendor, supplier, distributor, channel partner, manufacturer or other business partner (collectively “Business Partners” and each, a “Business Partner”) of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (ii) seek to persuade any such Business Partner, or any prospective Business Partner of the Company or any of its Affiliates, to conduct with anyone else any business or activity which such Business Partner or such prospective Business Partner conducts or could conduct with the Company or any of its Affiliates; provided, however, that, with respect to subsection (ii), these restrictions shall apply (y) only with respect to those Persons who are or have been a Business Partner of the Company or any of its Affiliates at any time within the two (2)-year period immediately preceding the activity restricted by this Section 7(b)(2)(ii) or whose business has been solicited on behalf of the Company or any of the Affiliates by any of their officers, employees or agents within such two (2)-year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment or engagement with the Company or any of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of your employment, engagement or other associations with the Company or any of its Affiliates or have had access to Confidential Information which would assist in your solicitation of such Person; and provided further that the restrictions contemplated by this Section 7(b)(2) applicable to Business Partners and prospective Business Partners of the Company or any of its Affiliates shall not apply where (A) you did not solicit the Business Partner and (B) any such Business Partner or prospective Business Partner voluntarily chooses to leave its engagement (or abandon its prospective engagement) with the Company or any of its Affiliates, so long as you are otherwise in compliance with the obligations contemplated by this Section 7 and the Continuing Obligations. For purposes of this Agreement, “Person” means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization.
 - iii. During the Restricted Period, you will not, directly or indirectly, (i) employ or engage, or solicit for employment or engagement, any Person who was employed by the Company or any of its Affiliates at any time during the Transition Period or the Consulting Period, or (ii) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish its relationship with them.
 - iv. In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement. You agree without reservation that the restraints contained herein are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Section 7(b) as reasonably determined by the Board in its discretion, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition, and not as an alternative, to any other remedies available to it, shall be entitled to (i) preliminary and permanent injunctive relief against any breach or threatened breach by you of any such covenants, without having to post bond, together with an award of its
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reasonable attorneys' fees incurred in enforcing its rights hereunder and/or (ii) cause you to immediately forfeit your right to any and all payments and benefits provided under Section 4 hereof and to repay to the Company any amounts already paid to you or on your behalf. Prior to making a final determination that you have breached any of the covenants contained in this Section 7(b), the Board will provide you with written notice of the Board's belief that you have breached any of the covenants set forth in this Section 7(b) and give you the opportunity to be heard before the Board with your legal counsel present. The Company will reimburse your reasonable legal fees incurred (A) in connection with such Board appearance, should the Board determine that no breach has occurred, or (B) in disputing the Board's final determination that a breach has occurred should a court of competent jurisdiction determine, in a final judgment that is not subject to appeal, that no breach has occurred. So that the Company may enjoy the full benefit of the covenants contained herein, you further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by you of any such covenants. You and the Company further agree that, in the event that any provision of this Agreement is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Company's Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Agreement. You further agree that you will provide the Company advance written notice by email to the Chief Executive Officer if you intend to accept a new position during the Restricted Period involving hair care or scalp care, no later than five (5) business days prior to commencing such position, indicating your anticipated start date and the nature of the position. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company or any of its Affiliates, or change in the nature or scope of your employment, engagement or other association with the Company or any of its Affiliates, shall operate to excuse you from the performance of your obligations hereunder. Capitalized words that are used but not defined herein shall have the meanings ascribed to such terms in the Termination Protection Agreement.

- c. Subject to Section 10(b) of this Agreement, you agree that, prior to the date on which this Agreement is publicly filed, you will not disclose this Agreement or any of its terms or provisions, directly or by implication, except to members of your immediate family and to your legal and tax advisors, and then only on condition that they agree not to further disclose this Agreement or any of its terms or provisions to others.
 - d. Subject to Section 10(b) of this Agreement, you agree that you will never disparage or criticize any of the Released Parties (as defined below) or the Company or any of its Affiliates, or any of their respective businesses, management, products or services. The Company agrees (i) to instruct its officers and directors as of the Separation Date not to disparage or criticize you and (ii) not to disparage or criticize you in authorized corporate communications to third parties. Notwithstanding the foregoing, nothing herein shall prevent either you or any of the Company's senior executives from testifying truthfully in any legal or administrative proceeding where such testimony is compelled or requested, from filing truthful legal pleadings in connection with any claim for breach of this Agreement by the other party, or from otherwise complying with applicable legal requirements.
8. **Return of Company Documents and Other Property.** In signing this Agreement, you agree that you will return to the Company, on or before the Termination Date, any and all documents, materials and information (whether in hardcopy, on electronic media or otherwise) related to the business of the Company and its Affiliates (whether present or otherwise), and all keys, access cards, credit cards, computer hardware and software, telephones and telephone-related equipment and all other property of the Company or any of its Affiliates in your possession or control. Such materials and property should be sent to the Company's General Counsel at [REDACTED]. Further, you agree that you will not retain any copy or derivation of any documents, materials or information (whether in hardcopy, on electronic media or otherwise) of the Company or any of its Affiliates following the Termination Date. Recognizing that your employment with the Company will terminate as of the Termination Date, you agree that you will not, following the Termination Date, for any purpose, attempt to access or use any computer or computer network or system of the Company or any of its Affiliates, including without limitation the electronic mail system, whether from a Company-issued computer or a personal computer or device. Further, you agree to disclose to the Company, on or before the Termination Date, any and all
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passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, all information which you have password-protected on any computer equipment, network or system of the Company or any of its Affiliates.

9. **Cooperation.** For the five (5)-year period following the Termination Date, you agree to reasonably cooperate with the Company and its Affiliates hereafter with respect to all matters arising during or related to your employment, including but not limited to all matters in connection with the Colombia Litigation, and any other governmental investigation, litigation or regulatory or other proceeding which may have arisen, or which may arise following the signing of this Agreement.

10. **General Release and Waiver of Claims.**

- a. In exchange for the benefits provided to you under this Agreement, to which you would not otherwise be entitled, on your own behalf and that of your heirs, executors, administrators, beneficiaries, personal representatives and assigns, you agree that this Agreement shall be in complete and final settlement of any and all causes of action, rights and claims, whether known or unknown, accrued or unaccrued, contingent or otherwise, that you have had in the past, now have, or might now have, against the Company or any of its Affiliates of any nature whatsoever, including but not limited to those in any way related to, connected with or arising out of your employment, its termination, or your other associations with the Company or any of its Affiliates, or pursuant to Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act, the wage and hour, wage payment and fair employment practices laws and statutes of the state or states in which you have provided services to the Company or any of its Affiliates (each as amended from time to time), and/or any other federal, state or local law, regulation or other requirement (collectively, the "Claims"), and you hereby release and forever discharge the Company, its Affiliates and all of their respective past, present and future directors, shareholders, officers, members, managers, general and limited partners, employees, employee benefit plans, administrators, trustees, agents, representatives, predecessors, successors and assigns, and all others connected with any of them, both individually and in their official capacities (collectively, the "Released Parties"), from, and you hereby waive, any and all such Claims. Without limiting the foregoing, you hereby covenant and agree not to file any Claim against the Company or any of its Affiliates that challenges in any respect the enforceability of any of the covenants set forth in Section 7 of this Agreement or any of the Continuing Obligations.
- b. Nothing contained in this Agreement shall be construed to prohibit you from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency, provided, however, that you hereby agree to waive your right to recover monetary damages or other individual relief in any such charge, investigation or proceeding or any related complaint or lawsuit filed by you or by anyone else on your behalf. Nothing in this Agreement limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to such governmental agency or entity.
- c. In signing this agreement, you expressly waive and relinquish all rights and benefits provided by Section 1542 of the Civil Code of the State of California, and do so understanding and acknowledging the significance of such specific waiver of Section 1542, which section states as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Thus, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of the Released Parties, you expressly acknowledge that the general release and waiver of claims set forth in this Section 10 is intended to include in its effect, without limitation, all claims which you do not know or suspect to exist in your favor at the time you sign it, and that this Agreement contemplates the extinguishment of any and all such claims.

- d. This Agreement, including the general release and waiver of claims set forth in Section 10(a), creates legally binding obligations. In signing this Agreement, you give the Company and its Affiliates assurance that you have signed it voluntarily and with a full understanding of its terms; that you have had sufficient opportunity, before signing this Agreement, to consider its terms and to consult with any other of those persons to whom reference is made in Section 7(c) above; and that you have not relied on any promises or representations, express or implied, that are not set forth expressly in this Agreement.
- e. You agree to sign the Release on the Termination Date (and in no event before the Termination Date). You further agree that a signed Release is an express condition to your receipt and retention of the payments and benefits described in Section 4 above.
- f. In consideration of and exchange for your obligations under this Agreement, on its own behalf and that of its Affiliates, the Company hereby releases and forever discharges you from any and all Claims (as defined above) arising prior to the date of this Agreement. Excluded from the scope of this release of claims are any Claims (i) arising from your fraud, theft, embezzlement, or other criminal conduct, (ii) arising from your willful misconduct or (iii) arising from your violation of foreign, federal, state or local laws or regulations.

11. Miscellaneous.

- a. This Agreement constitutes the entire agreement between you and the Company and supersedes all prior and contemporaneous communications, agreements and understandings, whether written or oral, with respect to your employment, its termination and all related matters, excluding only the Continuing Obligations, the Amended and Restated Award Agreement and the Plan, which shall remain in full force and effect in accordance with their terms.
- b. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and the Board of Directors of Holdings or the Compensation Committee thereof. The captions and headings in this Agreement are for convenience only, and in no way define or describe the scope or content of any provision of this Agreement.
- c. The obligation of the Company to make payments or provide benefits to you or on your behalf under this Agreement, and your right to retain the same, is expressly conditioned upon your continued full performance of your obligations under this Agreement and of the Continuing Obligations.
- d. This is a Nevada contract and shall be governed and construed in accordance with the laws of the State of Nevada, without regard to any conflict of laws principles that would result in the application of the laws of another jurisdiction. The parties agree to submit to the exclusive jurisdiction of a court of competent jurisdiction in Clark County, Nevada in connection with any dispute arising out of this Agreement.

[Rest of page intentionally left blank.]

If the terms of this Agreement are acceptable to you, please sign, date and return it to me by October 16, 2022. When you sign it, this Agreement shall take effect as a legally binding agreement between you and the Company on the basis set forth above. The enclosed copy of this letter, which you should also sign and date, is for your records.

Sincerely,
OLAPLEX, INC.

By: /s/ JuE Wong
Name: JuE Wong
Title: President & CEO

Accepted and agreed:

Signature: /S/ Tiffany Waldem
Tiffany Walden

Date: October 16, 2022

Exhibit A
General Release and Waiver of Claims

For and in consideration of certain payments and benefits to be provided to me under the letter agreement between me and Olaplex, Inc. (the "Company"), dated as of October 16, 2022 (the "Agreement"), which are conditioned on my signing this General Release and Waiver of Claims (this "Release of Claims") and on my compliance with the Agreement and the Continuing Obligations (as defined in the Agreement), and to which I am not otherwise entitled, and other good and valuable consideration, the receipt and sufficiency of which I hereby acknowledge, on my own behalf and that of my heirs, executors, administrators, beneficiaries, personal representatives and assigns, I agree that this Release of Claims shall be in complete and final settlement of any and all causes of action, rights and claims, whether known or unknown, accrued or unaccrued, contingent or otherwise, that I have had in the past, now have, or might now have, against the Company or any of its Affiliates of any nature whatsoever, including but not limited to those in any way related to, connected with or arising out of my employment, its termination, or my other associations with the Company or any of its Affiliates (as defined in the Agreement), or pursuant to Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act, the wage and hour, wage payment and fair employment practices laws and statutes of the state or states in which I have provided services to the Company or any of its Affiliates (each as amended from time to time), and/or any other federal, state or local law, regulation or other requirement (collectively, the "Claims"), and I hereby release and forever discharge the Company, its Affiliates and all of their respective past, present and future directors, shareholders, officers, members, managers, general and limited partners, employees, employee benefit plans, administrators, trustees, agents, representatives, predecessors, successors and assigns, and all others connected with any of them, both individually and in their official capacities (collectively, the "Released Parties"), from, and I hereby waive, any and all such Claims. Without limiting the foregoing, I hereby covenant and agree not to file any claim against any Released Party that challenges in any respect the enforceability of any of the covenants set forth in Section 7 of the Agreement or any of the Continuing Obligations.

In signing this Release of Claims, I expressly waive and relinquish all rights and benefits provided by Section 1542 of the Civil Code of the State of California, and do so understanding and acknowledging the significance of such specific waiver of Section 1542, which section states as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Thus, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of the Released Parties, I expressly acknowledge that the general release and waiver of claims set forth in this Release of Claims is intended to include in its effect, without limitation, all claims which I do not know or suspect to exist in my favor at the time I sign it, and that this Release of Claims contemplates the extinguishment of any and all such claims.

I understand that nothing contained in this Release of Claims shall be construed to prohibit me from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency, provided, however, that I hereby agree to waive my right to recover monetary damages or other individual relief in any such charge, investigation or proceeding or any related complaint or lawsuit filed by me or by anyone else on my behalf. I further understand that nothing contained herein limits, restricts or in any other way affects my communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to such governmental agency or entity.

I represent and warrant that, in accordance with Section 8 of the Agreement, I have returned to the Company any and all documents and other property of the Company and its Affiliates (as defined in the Agreement) that I had in my possession, custody or control on the date my employment with the Company terminated and that I have retained no such property. Without limiting the foregoing, I also represent and warrant that I have retained no copy of any such documents, materials or information.

I acknowledge that this Release of Claims creates legally binding obligations. I further acknowledge that I may not sign this Release of Claims prior to the Termination Date (as defined in the Agreement). In signing this Release of Claims, I give the Company assurance that I have signed it voluntarily and with a full understanding of its terms; that I have had sufficient opportunity before signing this Release of Claims to consider its terms and to consult with any person to whom reference is made in Section 7(c) of the Agreement; and that I have not relied on any promises or representations, express or implied, that are not set forth expressly in this Release of Claims. I understand that this Release of Claims will become effective upon the date that I sign it.

This Release of Claims constitutes the entire agreement between me and the Company and supersedes all prior and contemporaneous communications, agreements and understandings, whether written or oral, with respect to my employment, its termination and all related matters, excluding only the Agreement and the Continuing Obligations, the Amended and Restated Award Agreement and the Plan, which shall remain in full force and effect in accordance with their terms. This Release of Claims may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by me and an expressly authorized representative of the Company.

[Rest of page intentionally left blank.]

Accepted and agreed:

Signature: /s/ Tiffany Walden
Tiffany Walden

Date: October 16, 2022

**PENELOPE HOLDINGS CORP.
2020 OMNIBUS EQUITY INCENTIVE PLAN**

Amended and Restated Nonqualified Stock Option Award Agreement

THIS AGREEMENT (this "**Award Agreement**"), originally made effective as of May 2, 2020 (the "**Grant Date**"), by and between Penelope Holdings Corp., a Delaware corporation ("**Holdings Corp.**"), and Tiffany Walden (the "**Participant**") is amended and restated effective as of December 31, 2022 (the "**Effective Date**") by and between Olaplex Holdings, Inc. (the successor to Holdings Corp. with respect to the Options (as defined below), with all references herein to the Company meaning Olaplex Holdings, Inc.) and the Participant. Capitalized terms used but not otherwise defined herein shall have the meanings so indicated in the Penelope Holdings Corp. 2020 Omnibus Equity Incentive Plan (as assumed by Olaplex Holdings, Inc., the "**Plan**").

RECITALS:

WHEREAS, the Compensation Committee of Penelope Group Holdings GP, LLC (the "**Penelope Compensation Committee**") determined that it would be in the best interests of Holdings Corp. and its stockholders to grant the option provided for herein to the Participant pursuant to the Plan and the terms set forth herein;

WHEREAS, on September 27, 2021 the board of directors of Holdings Corp. and the Penelope Compensation Committee took certain actions with respect to each outstanding option to purchase common stock of Holdings Corp. as part of a reorganization (the "**Reorganization**") in advance of the Company's initial public offering ("**Initial Public Offering**") in which all of equityholders of Penelope Group Holdings, L.P., the indirect parent of Holdings Corp., exchanged their partnership interests for shares of common stock, par value \$0.001 per share, of Olaplex Holdings, Inc., which became the indirect parent of Holdings Corp., including converting each outstanding option to purchase shares of common stock of Holding Corp. into a number of options to purchase shares of common stock of Olaplex Holdings, Inc. and adjusting the exercise price of the resulting Olaplex Holdings, Inc. options to preserve the options' spread value, and converting the portion of each option subject to performance-based vesting into options that would vest based on the optionholder's continued service following the Initial Public Offering; and

WHEREAS, the parties now desire to amend and restate this Award Agreement to provide for continued vesting following the Participant's termination of employment from the Company and Olaplex, Inc. based solely on the Participant's continued compliance with the Restrictive Covenant Agreement attached hereto as **Exhibit A**.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. **Grant of the Option.** On the Grant Date, the Participant was granted the right and option to purchase, on the terms and conditions set forth in the Plan and this Award Agreement, 14,298 shares of common stock of Holdings Corp. (the "**Award**"), subject to adjustment as set forth in the Plan. In connection with the Initial Public Offering, the Award was converted into 9,651,093 options (the "**Options**") to purchase shares of common stock of Olaplex Holdings, Inc. (each, a "**Share**"). As of the Effective Date, 3,912,461 of the Options are vested and exercisable (the "**Vested Options**") and 5,738,632 of the Options are unvested and not exercisable (the "**Unvested Options**"). You acknowledge and agree that, as of the Effective Date, you will forfeit 2,273,425 of the Unvested Options and, subject to the terms of this Agreement, you will retain 3,465,207 of the Unvested Options (such retained portion, the "**Retained Options**"). The Options are intended to be Nonqualified Stock Options.
2. **Option Price.** In connection with the Initial Public Offering, the exercise price of the Options was adjusted to \$0.76 per Share (the "**Option Price**"), subject to adjustment as set forth in the Plan.
3. **Vesting of the Retained Options.** The Retained Options will vest and become exercisable, subject to the Participant's continued compliance with the Restrictive Covenants (as defined below) through the applicable vesting date, as follows:
 - a. 595,890 of the Retained Options will vest on January 8, 2023;
 - b. 689,796 of the Retained Options will vest on October 4, 2023;
 - c. 297,945 of the Retained Options will vest on January 8, 2024;
 - d. 689,796 of the Retained Options will vest on October 4, 2024;
 - e. 297,945 of the Retained Options will vest on January 8, 2025;
 - f. 297,945 of the Retained Options will vest on January 8, 2026;
 - g. 297,945 of the Retained Options will vest on January 8, 2027; and

h. 297,945 of the Retained Options will vest on January 8, 2028.

For the avoidance of doubt, the Participant shall have no right to continue to vest in the Retained Options based on any Service, whether as an employee or independent contractor, following the Effective Date.

4. Forfeiture.

- a. Breach of Restrictive Covenants. In the event that the Participant breaches any provision of the Restrictive Covenants Agreement attached as Exhibit A hereto (any such provision, a “**Restrictive Covenant**”), as reasonably determined by the Board of Directors of the Company, in its discretion or in the event that all or any part or application or subsection of any Restrictive Covenant is held or found to be invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between the Participant and the Company or any of its Affiliates,
- i. The Retained Options (including for the avoidance of doubt, any Retained Options that vest and become exercisable following the Effective Date) shall automatically be cancelled and forfeited without consideration therefor;
 - ii. Any Shares received upon the exercise of any of the Retained Options (including for the avoidance of doubt, any Retained Options that vest and become exercisable following the Effective Date) that are held by the Participant (or her transferees) at the time of such breach shall automatically be cancelled and forfeited without consideration therefor; and
 - iii. The Participant shall be required to disgorge to the Company any proceeds received in connection with the sale of any Shares received upon the exercise of any of the Retained Options (including for the avoidance of doubt, any Retained Options that vest and become exercisable following the Effective Date).

5. Period of Exercise. Subject to the provisions of the Plan and this Award Agreement, including without limitation Section 4 above, the Participant may exercise (a) all or any part of the Vested Options at any time prior to the date that is 90 days following the Effective Date and (b) all or any part of the Retained Options that vest following the Effective Date at any time prior to the earlier to occur of:

- a. the tenth anniversary of the Grant Date; and
- b. the date that is 90 days following the date that such Retained Options became vested and exercisable hereunder.

6. Exercise Procedures.

- a. Notice of Exercise. Subject to Section 5 hereof, the Vested Options may be exercised by delivering to the Company at its principal office written notice of intent to so exercise in the form attached hereto as Exhibit B (such notice, a “**Notice of Exercise**”). Such Notice of Exercise shall be accompanied by payment in full of the aggregate Option Price for the Shares to be acquired upon exercise. In the event the Option is being exercised by the Participant’s representative, the Notice of Exercise shall be accompanied by proof (satisfactory to the Compensation Committee of the Board of Directors of the Company (the “**Committee**”)) of the representative’s right to exercise the Option. The aggregate Option Price for the Shares to be exercised may be paid (i) in cash or its equivalent (e.g., by cashier’s check), (ii) to the extent permitted by the Committee, in Shares (whether or not previously owned by the Participant) in Shares (whether or not previously owned by the Participant) having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee, (iii) partly in cash or its equivalent and, to the extent permitted by the Committee, partly in such Shares (as described in (ii) above), (iv) in connection with a Change of Control, or as may otherwise be permitted by the Committee, by reducing the number of Shares otherwise deliverable upon the exercise of the Option by the number of Shares having a Fair Market Value equal to the Option Price, net of withholding, or (v) if there is a public market for the Shares at such time, subject to such requirements as may be imposed by the Committee, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased. The Committee may prescribe any other method of payment that it determines to be consistent with applicable law and the purpose of the Plan.
- b. Rights of Participant; Method of Exercise. Neither the Participant nor the Participant’s representative shall have any rights to dividends, voting rights or other rights of a stockholder with respect to Shares subject to the Option until (i) the Participant has given a Notice of Exercise of the Option and paid in full for such Shares, (ii) such
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Shares have been issued, and (iii) if applicable, the Participant has satisfied any other conditions imposed by the Committee pursuant to the Plan. In the event of the Participant's death, the Vested Options shall be exercisable by the executor or administrator of the Participant's estate or the person or persons to whom the Participant's rights under this Award Agreement shall pass by will or by the laws of descent and distribution, as the case may be. Any heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions of this Award Agreement and the Plan.

7. No Right to Continued Service. The granting of the Option shall impose no obligation on the Company or any Affiliate to continue the Service of the Participant and shall not lessen or affect any right that the Company or any Affiliate may have to terminate the Service of the Participant.
 8. Withholding. The Company shall have the power and the right to deduct or withhold automatically from any payment or Shares deliverable under this Award Agreement, or require the Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Award Agreement.
 9. Transferability. Unless otherwise determined by the Committee, the Participant shall not be permitted to transfer or assign the Option except in the event of death and in accordance with Section 13.5 of the Plan.
 10. Adjustment of Option. Adjustments to the Option (or any Shares underlying the Option) shall be made in accordance with the terms of the Plan
 11. Option Subject to Plan. By entering into this Award Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Option and any Shares received upon exercise are subject to the terms and conditions of the Plan. In the event of a conflict between any term hereof and a term of the Plan, the applicable term of this Award Agreement shall govern and prevail.
 12. Choice of Law. This Award Agreement, and all claims or causes of action or other matters that may be based upon, arise out of or relate to this Award Agreement, shall be governed by and construed in accordance with the laws of the State of Delaware, excluding any conflict- or choice-of-law rule or principle that might otherwise refer construction or interpretation thereof to the substantive laws of another jurisdiction.
 13. Consent to Jurisdiction. The Company and the Participant, by his or her execution hereof, (a) hereby irrevocably submit to the exclusive jurisdiction of a court of competent jurisdiction in Clark County, Nevada for the purposes of any claim or action arising out of or based upon this Award Agreement or relating to the subject matter hereof, (b) hereby waive, to the extent not prohibited by applicable law, and agree not to assert by way of motion, as a defense or otherwise, in any such claim or action, any claim that it, he or she is not subject personally to the jurisdiction of the above-named courts, that its, his or her property is exempt or immune from attachment or execution, that any such proceeding brought in the above-named court is improper or that this Award Agreement or the subject matter hereof may not be enforced in or by such court and (c) hereby agree not to commence any claim or action arising out of or based upon this Award Agreement or relating to the subject matter hereof other than before the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such claim or action to any court other than the above-named courts whether on the grounds of inconvenient forum or otherwise; provided, however, that the Company and the Participant may seek to enforce a judgment issued by the above-named courts in any proper jurisdiction. The Company and the Participant hereby consent to service of process in any such proceeding, and agree that service of process by registered or certified mail, return receipt requested, at its, his or her address specified pursuant to Section 16 is reasonably calculated to give actual notice.
 14. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT HE, SHE OR IT SHALL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AWARD AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTY HERETO THAT THIS SECTION 14 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND SHALL RELY IN ENTERING INTO THIS AWARD AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 14 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.
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15. Securities Law Compliance. Shares shall not be issued pursuant to this Award Agreement unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including, without limitation, the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be obligated to file any registration statement under any applicable securities laws to permit the purchase or issuance of any Shares, and accordingly any certificates for Shares may have an appropriate legend or statement of applicable restrictions endorsed thereon. If the Company deems it necessary to ensure that the issuance of Shares under this Award Agreement is not required to be registered under any applicable securities laws, the Participant shall deliver to the Company an agreement containing such representations, warranties and covenants as the Company may require.
16. Notices. Any notice or other communication provided for herein or given hereunder to a party hereto must be in writing, and shall be deemed to have been given (a) when personally delivered or delivered by facsimile transmission with confirmation of delivery, (b) one business day after deposit with Federal Express or similar overnight courier service, or (c) three business days after being mailed by first class mail, return receipt requested. A notice shall be addressed to the Company at its principal executive office, attention Chief Executive Officer, and to the Participant at the address that he or she most recently provided to the Company.
17. Entire Agreement. This Award Agreement (including the Restrictive Covenants Agreement attached as Exhibit A hereto, and any other schedules or exhibits hereto) and the Plan constitute the entire agreement and understanding among the parties hereto in respect of the subject matter hereof and supersede all prior and contemporaneous arrangements, agreements and understandings, whether oral or written and whether express or implied, and whether in term sheets, presentations or otherwise, among the parties hereto, or between any of them, with respect to the subject matter hereof; provided, that the Participant shall continue to be bound by any other confidentiality, non-competition, non-solicitation and other similar restrictive covenants contained in any other agreements between the Participant and the Company, its Affiliates and their respective predecessors to which the Participant is bound. In the event of any inconsistency between any restrictive covenants contained herein and any restrictive covenants contained in such other agreements in effect on the Grant Date, that obligation which is most restrictive upon the Participant shall control.
18. Amendment; Waiver. No amendment or modification of any term of this Award Agreement shall be effective unless signed in writing by or on behalf of the Company and the Participant, and made in accordance with the terms of the Plan. No waiver of any breach or condition of this Award Agreement shall be deemed to be a waiver of any other or subsequent breach or condition whether of like or different nature.
19. Successors and Assigns; No Third-Party Beneficiaries. The provisions of this Award Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant and the Participant's heirs, successors, legal representatives and permitted assigns. Nothing in this Award Agreement, express or implied, is intended to confer on any person other than the Company and the Participant, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Award Agreement.
20. Signature in Counterparts. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.
21. No Guarantees Regarding Tax Treatment. The Participant (or his or her beneficiaries) shall be responsible for all taxes with respect to the Option. The Committee and the Company make no guarantees regarding the tax treatment of the Option. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax under Section 409A (as defined below) or Section 457A of the Code or otherwise, and none of the Company, any Affiliate or any of their employees or representatives shall have any liability to the Participant with respect thereto.
22. Compliance with Section 409A. The Company intends that the Option be structured in compliance with, or to satisfy an exemption from, Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder ("Section 409A"), such that there are no adverse tax consequences, interest or penalties under Section 409A as a result of the Option. In the event the Option is subject to Section 409A, the Committee may, in its sole discretion, take the actions described in Section 10.1 of the Plan.

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IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement.

OLAPLEX Holdings, INC.

By: /s/ JuE Wong

Name: JuE Wong

Title: President & CEO

Agreed and acknowledged as of October 16, 2022:

/s/ Tiffany Walden

Name: Tiffany Walden

EXHIBIT A

Attached.

RESTRICTIVE COVENANTS AGREEMENT

This Restrictive Covenants Agreement (this “Agreement”) is made and effective as of December 31, 2022 (the “Effective Date”) by and among Tiffany Walden (the “Participant”) and Olaplex, Inc. and Olaplex Holdings Corp. (together, the “Company”). Capitalized terms not defined herein shall have the respective meanings ascribed to them in the Penelope Holdings Corp. 2020 Omnibus Equity Incentive Plan (as assumed by Olaplex Holdings, Inc., the “Plan”) and in the Amended and Restated Non-Qualified Stock Option Award Agreement by and between the Company and the Participant, dated as of the date hereof (the “Award Agreement”). The Participant acknowledges that the below restrictions on the Participant’s activities after the Effective Date are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates. Therefore, in consideration of and as an express condition to the continued vesting contemplated under the Award Agreement, and the Participant being granted access to the trade secrets, other Confidential Information and good will of the Company and its Affiliates from time to time at such times as may be determined by the Company, the Participant agrees as follows:

1. Confidentiality.

- 1.1 The Participant agrees that all Confidential Information which the Participant creates or to which the Participant has access at any time as a result of the Participant’s Service and other associations with the Company and its Affiliates is and shall remain the sole and exclusive property of the Company and its Affiliates. The Participant agrees that, except as expressly authorized in writing in advance by a duly authorized officer of the Company, or as required by applicable law, the Participant will never, directly or indirectly, use or disclose any Confidential Information. The Participant understands and agrees that this restriction shall continue to apply after the termination of the Participant’s Service for any reason. Nothing in this Agreement limits, restricts or in any other way affects the Participant’s communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity. The Participant understands that the Participant cannot be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (b) in a complaint or other document filed under seal in a lawsuit or other proceeding; provided, however, that notwithstanding this immunity from liability, the Participant understands that the Participant may be held liable if the Participant unlawfully accesses trade secrets by unauthorized means.
- 1.2 The Participant agrees that all documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the “Documents”), whether or not prepared by the Participant, shall be the sole and exclusive property of the Company. The Participant agrees to safeguard all Documents and to surrender to the Company, at the time the Participant’s Service terminates or at such earlier time or times as a duly authorized officer of the Company may specify, all Documents then in the Participant’s possession or control. The Participant also agrees to disclose to the Company, at the time the Participant’s Service terminates or at such earlier time or times as a duly authorized officer of the Company may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information which the Participant has password-protected on any computer equipment, network or system of the Company or any of its Affiliates.

2. Assignment of Intellectual Property Rights.

- 2.1 The Participant agrees to promptly and fully disclose all Intellectual Property (as defined below) to the Company. The Participant hereby assigns and agrees to assign to the Company (or as otherwise directed by the Company) the Participant’s full right, title and interest in and to all Intellectual Property. The Participant agrees to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of further instruments of assignment or confirmation and the provision of good faith testimony by declaration, affidavit or in-person) requested by the Company to assign the Intellectual Property to the Company (or as otherwise directed by the Company) and to permit the Company to secure, prosecute and enforce any patents, copyrights or other proprietary rights to the Intellectual Property. The Participant will not charge the Company for time spent in complying with these obligations. If the Company is unable, after reasonable effort, to secure the Participant’s signature on any such papers, any executive officer of the Company shall be entitled to execute any such papers as the Participant’s agent and attorney-in-fact, and the Participant hereby irrevocably designates and appoints each executive officer of the Company as the Participant’s agent and attorney-in-fact to execute any such papers on the Participant’s behalf, and to take any and all actions as the Company may deem necessary or desirable in
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order to protect the Company's rights and interests in any Intellectual Property, under the conditions described in this sentence. If, in the course of the Participant's Service, the Participant incorporates pre-existing intellectual property the Participant owns or has the ability to license into a Company product, operation, process or service, and such pre-existing intellectual property is not otherwise assigned to the Company, the Participant hereby grants the Company a nonexclusive, fully paid-up, royalty-free, irrevocable, perpetual, transferrable, worldwide license, with the right to sublicense through multiple tiers, to such pre-existing intellectual property, including, without limitation, the rights to use, reproduce, display, perform, promote, create derivative works of, market, distribute, offer for sale and sell, export, permit the online use of or otherwise use such pre-existing intellectual property.

3. Non-Competition and Non-Solicitation.

- 3.1 For a period of five (5) years following the Effective Date (the "Restricted Period"), the Participant shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, in any capacity similar or related to the capacity in which the Participant has been employed or engaged by the Company or any of its Affiliates (or any of their respective predecessors), (i) engage in all or any portion of the Business in any geographic area in which the Company or any of its Affiliates conducts the Business or is actively planning to conduct the Business during the Participant's Service or, with respect to any portion of the Restricted Period that follows the termination of the Participant's Service, at the time the Participant's Service terminates (the "Restricted Area") or undertake any planning to conduct any Business competitive with the Company or any of its Affiliates in the Restricted Area or (ii) provide services to a distributor or channel partner of the Company or any of its Affiliates. For purposes of this Agreement, the "Business" means the manufacture, production, development, sale, marketing and/or distribution, by any means and through any channel, of liquid or chemical hair care or scalp care products. For the avoidance of doubt, "Business" shall not include the manufacture, production, development, sale, marketing and/or distribution of electronic products, synthetic/human hair extensions, or skin care products (other than scalp care products), and shall not include any business for which hair care and scalp care collectively represent less than 3% of the business's gross sales and less than \$2,500,000 in sales annually and which has no intent to increase its hair care and scalp care sales above these thresholds.
- 3.2 During the Restricted Period, the Participant will not, directly or indirectly, (i) solicit or encourage any customer (other than a retail consumer who is a natural person), vendor, supplier, distributor, channel partner, manufacturer or other business partner (collectively "Business Partners" and each, a "Business Partner") of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (ii) seek to persuade any such Business Partner, or any prospective Business Partner of the Company or any of its Affiliates, to conduct with anyone else any business or activity which such Business Partner or such prospective Business Partner conducts or could conduct with the Company or any of its Affiliates; provided, however, that, with respect to subsection (ii), these restrictions shall apply (y) only with respect to those Persons who are or have been a Business Partner of the Company or any of its Affiliates at any time within the two (2)-year period immediately preceding the activity restricted by this Section 3.2(ii) or whose business has been solicited on behalf of the Company or any of the Affiliates by any of their officers, employees or agents within such two (2)-year period, other than by form letter, blanket mailing or published advertisement, and (z) only if the Participant has performed work for such Person during the Participant's Service with the Company or any of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of the Participant's Service or other associations with the Company or any of its Affiliates or has had access to Confidential Information which would assist in the Participant's solicitation of such Person; and provided further that the restrictions contemplated by this Section 3.2 applicable to Business Partners and prospective Business Partners of the Company or any of its Affiliates shall not apply where (A) the Participant did not solicit the Business Partner and (B) any such Business Partner or prospective Business Partner voluntarily chooses to leave its engagement (or abandon its prospective engagement) with the Company or any of its Affiliates, so long as the Participant is otherwise in compliance with the obligations contemplated by this Section 3.
- 3.3 During the Restricted Period, the Participant will not, directly or indirectly, (i) employ or engage, or solicit for employment or engagement, any Person who was employed by the Company or any of its Affiliates at any time within the twelve (12)-month period immediately preceding the activity restricted by this Section 3.3, or (ii) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish its relationship with them.
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4. Enforcement of Covenants.

In signing this Agreement, the Participant gives the Company assurance that the Participant has carefully read and considered all the terms and conditions of this Agreement. The Participant agrees without reservation that the restraints contained herein are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. The Participant further agrees that, were the Participant to breach any of the covenants contained in this Agreement as reasonably determined by the Board of Directors of Olaplex Holdings, Inc. (the "Board") in its discretion, the damage to the Company and its Affiliates would be irreparable. The Participant therefore agrees that the Company, in addition, and not as an alternative, to any other remedies available to it, shall be entitled to (i) preliminary and permanent injunctive relief against any breach or threatened breach by the Participant of any such covenants, without having to post bond, together with an award of its reasonable attorneys' fees incurred in enforcing its rights hereunder, and/or (ii) the remedies set forth in Section 4 of the Award Agreement. Prior to making a final determination that the Participant has breached any of the covenants contained in this Agreement, the Board will provide the Participant with written notice of the Board's belief that the Participant has breached any of the covenants set forth in this Agreement and give the Participant the opportunity to be heard before the Board with the Participant's legal counsel present. The Company will reimburse the Participant's reasonable legal fees incurred (A) in connection with such Board appearance, should the Board determine that no breach has occurred, or (B) in disputing the Board's final determination that a breach has occurred should a court of competent jurisdiction determine, in a final judgment that is not subject to appeal, that no breach has occurred. So that the Company may enjoy the full benefit of the covenants contained herein, the Participant further agrees that the applicable Restricted Period shall be tolled, and shall not run, during the period of any breach by the Participant of any such covenants. The Participant and the Company further agree that, in the event that any provision of this Agreement is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. The Participant specifically recognizes and affirms that the covenants set forth in this Agreement are material and important terms of the Award Agreement into which this Agreement is incorporated, and the Participant's agreement to enter and comply with these restrictions is an express condition to the continued vesting contemplated under the Award Agreement, and the Participant therefore agrees that in the event that all or any part or application or subsection this Agreement is held or found to be invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction in an action between the Participant and the Company or any of its Affiliates, the Company shall be entitled to the remedies set forth in Section 4 of the Award Agreement. It is also agreed that each of the Company's Affiliates shall have the right to enforce all of the Participant's obligations to that Affiliate under this Agreement. The Participant further agrees that the Participant will provide the Company advance written notice by email to the Chief Executive Officer if the Participant intends to accept a new position during the Restricted Period involving hair care or scalp care, no later than five (5) business days prior to commencing such position, indicating the Participant's anticipated start date and the nature of the position. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company or any of its Affiliates, or change in the nature or scope of the Participant's Service or other association with the Company or any of its Affiliates, shall operate to excuse the Participant from the performance of the Participant's obligations hereunder.

5. Definitions.

For purposes of this Agreement, the following definitions apply:

"Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with a Person, where control may be by management authority, equity interest or otherwise.

"Confidential Information" means any and all information of the Company or any of its Affiliates (or any of their predecessors) that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates (or any of their predecessors) from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through the Participant's breach of the Participant's obligations under this Agreement.

"Intellectual Property" means inventions, discoveries, designs, developments, formulae, improvements, methods, processes, procedures, plans, projects, specifications, systems, techniques, strategies, information, algorithms compositions, know-how, works, concepts and ideas, or modifications or derivatives of any of the foregoing (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by the Participant (whether alone or with others, whether or not during normal business hours or on or off Company premises) during the Participant's Service that relate either to the business of the Company or any of its Affiliates, or to any prospective activity of the Company or any of its Affiliates or that result or resulted from any work performed by the

Participant for the Company or any of its Affiliates or that make or made use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.

“Person” means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization.

6. Compliance with Other Agreements and Obligations.

The Participant represents and warrants that the Participant’s Service and the execution and performance of this Agreement will not breach or be in conflict with any other agreement to which the Participant is a party or is bound, and that the Participant is not now subject to any covenants against competition or similar covenants or other obligations to third parties or to any court order, judgment or decree that would affect the performance of the Participant’s obligations hereunder or the Participant’s duties and responsibilities to the Company. The Participant will not disclose to or use on behalf of the Company or an Affiliate, or induce the Company or any of its Affiliates to possess or use, any confidential or proprietary information of any previous employer or other third party without that party’s consent.

7. Entire Agreement; Severability; Modification.

The restrictive covenants contained in this Agreement are in addition to, and do not supersede, any restrictive covenants (including, without limitation, any non-competition, non-solicitation, no-hire, confidentiality, non-disparagement and/or intellectual property assignment provisions) by which the Participant is bound under any other agreement between the Participant and the Company or any of its Affiliates. The restrictive covenants contained in this Agreement will, in accordance with their terms, survive any termination of the Participant’s Service, and any expiration, cancellation, rescission, withholding or other limitation or restriction on any Options. The provisions of this Agreement are severable. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by the Participant and an expressly authorized officer of the Company. Provisions of this Agreement shall survive any termination if so provided in this Agreement or if necessary or desirable to accomplish the purpose of other surviving provisions.

8. Assignment.

Neither the Company nor the Participant may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without the Participant’s consent to one of its Affiliates or to any Person with whom the Company shall hereafter effect a reorganization, consolidate or merge, or to whom the Company shall hereafter transfer all or substantially all of the properties or assets related to the business for which the Participant works. This Agreement shall inure to the benefit of and be binding upon the Participant and the Company, and each of their respective successors, executors, administrators, heirs and permitted assigns.

9. Choice of Law.

This is a Nevada contract and shall be governed by and construed in accordance with the laws of the State of Nevada, without regard to any conflict of laws principles that could result in the application of the laws of another jurisdiction. The Participant agrees to submit to the exclusive jurisdiction of a court of competent jurisdiction in Clark County, Nevada in connection with any dispute arising out of this Agreement, and agree that any such dispute shall be brought and maintained solely in such courts.

[Signature Page Follows]

Intending to be legally bound hereby, the Participant has signed this Agreement as of the day and year written below.

Signature: /s/ Tiffany Walden

Printed Name: Tiffany Walden

Date: October 16, 2022

Acknowledged and agreed:

OLAPLEX HOLDINGS, INC.

By: /s/ JuE Wong

Name: JuE Wong

Title: President & CEO

OLAPLEX, INC.

By: /s/ JuE Wong

Name: JuE Wong

Title: President & CEO

EXHIBIT B

NOTICE OF EXERCISE

Olaplex Holdings, Inc.

[INSERT ADDRESS]

Attention: General Counsel Date of Exercise: _____

Ladies & Gentlemen:

1. *Exercise of Option.* This constitutes notice to Olaplex Holdings, Inc. (the "Company") that pursuant to my Amended and Restated Nonqualified Stock Option Award Agreement, dated _____ (the "Award Agreement"), I elect to purchase the number of Shares set forth below and for the price set forth below. Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such term in the Award Agreement. By signing and delivering this notice to the Company, I hereby acknowledge that I am the holder of the Options exercised by this notice and have full power and authority to exercise the same.

Number of Options being exercised: _____

Grant Date: _____

Shares to be issued in name of: _____

Total exercise price of the Options: _____

2. *Delivery of Payment.*

- a. I elect to pay the full exercise price of my Options being exercised as follows (select one):

In cash or its equivalent.

If permitted by the Committee, by reducing the number of Shares otherwise deliverable upon the exercise of the Options by the number of Shares having a fair market value equal to the Option Price.

- b. I elect to pay the full amount of withholding taxes determined by the Company to be due in connection with the exercise of my Options as follows (select one, if applicable):

In cash or its equivalent.

If permitted by the Committee, by reducing the number of Shares otherwise deliverable upon the exercise of the Options by the number of Shares having a fair market value equal to the amount of all withholding taxes determined by the Company to be due in connection with such exercise.

3. *Rights as Stockholder.* While the Company shall endeavor to process this notice in a timely manner, I acknowledge that until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) and my satisfaction of any other conditions imposed by the Committee pursuant to the Plan or set forth in the Award Agreement, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to such Shares, notwithstanding the exercise of my Options. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance of the Shares.
4. *Interpretation.* Any dispute regarding the interpretation of this notice shall be submitted promptly by me or by the Company to the Committee. The resolution of such a dispute by the Committee shall be final and binding on all parties.
5. *Entire Agreement.* The Plan and the Award Agreement under which the Options were granted are incorporated herein by reference, and together with this notice constitute the entire agreement of the parties with respect to the subject matter hereof.

Very truly yours,

**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, JuE Wong, 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)) 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. (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

By: /s/ JuE Wong

JuE Wong
President and Chief Executive Officer
(Principal Executive Officer)

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

I, Eric Tiziani, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Olaplex Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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. (Paragraph omitted pursuant to SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313);
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2022

By: /s/ Eric Tiziani

Eric Tiziani
Chief Financial Officer
(Principal Financial Officer)

