

# OLAPLEX®

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PROVEN BY SCIENCE.  
POWERED BY PASSION.

Q4 2023 EARNINGS – FEBRUARY 29, 2024

# DISCLAIMER



## General Disclaimer

This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities of Olaplex Holdings, Inc. (the "Company"), nor shall there be any sale of securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

## Forward Looking Statements

This presentation includes certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by, and information currently available to, the Company. These forward-looking statements include, but are not limited to, statements about: the Company's financial position, operating results, sales and profitability; the Company's financial guidance for the fiscal year 2024 and the first quarter of 2024, including net sales, adjusted net income, adjusted EBITDA, adjusted gross profit margin, adjusted EBITDA margin, net interest expense, adjusted effective tax rate, adjusted SG&A and non-employee marketing and advertising expenses; demand for the Company's products and sell-through trends; the Company's product development pipeline and the impact of new product introductions, including the timing thereof; changes in the Company's distribution; the Company's business plans, strategies, investments, priorities and objectives, including the impact and timing thereof; the impact of the Company's internal cost savings program; anticipated product costs; the Company's sales, marketing and education initiatives and related investments, and the impact, focus and timing thereof; general economic and inventory trends; the Company's employees and culture; growth and expansion opportunities, including expansion in existing markets and into new markets; inventory rebalancing across certain of the Company's customers and the Company's management of excess inventory; and other statements contained in this presentation that are not historical or current facts. When used in this presentation, words such as "may," "will," "could," "should," "intend," "potential," "continue," "anticipate," "believe," "estimate," "expect," "plan," "target," "predict," "project," "forecast," "seek" and similar expressions as they relate to the Company are intended to identify forward-looking statements.

The forward-looking statements in this presentation reflect the Company's current expectations and projections about future events and financial trends that management believes may affect the Company's business, financial condition and results of operation. These statements are predictions based upon assumptions that may not prove to be accurate, and they are not guarantees of future performance. As such, you should not place significant reliance on the Company's forward-looking statements. Neither the Company nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements, including any such statements taken from third party industry and market reports.

Forward-looking statements involve known and unknown risks, inherent uncertainties and other factors that are difficult to predict which may cause the Company's actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements, including, without limitation: competition in the beauty industry; the Company's ability to effectively maintain and promote a positive brand image, expand its brand awareness and maintain consumer confidence in the quality, safety and efficacy of its products; the Company's ability to anticipate and respond to market trends and changes in consumer preferences and execute on its growth strategies and expansion opportunities, including with respect to new product introductions; the Company's ability to accurately forecast customer and consumer demand for its products; the Company's dependence on the success of its long-term strategic plan; the Company's ability to limit the illegal distribution and sale by third parties of counterfeit versions of its products or the unauthorized diversion by third parties of its products; the Company's dependence on a limited number of customers for a large portion of its net sales; the Company's ability to develop, manufacture and effectively and profitably market and sell future products; the Company's ability to attract new customers and consumers and encourage consumer spending across its product portfolio; the Company's ability to successfully implement new or additional marketing efforts; the Company's relationships with and the performance of its suppliers, manufacturers, distributors and retailers and the Company's ability to manage its supply chain; impacts on the Company's business from political, regulatory, economic, trade and other risks associated with operating internationally; the Company's ability to manage its executive leadership change and to attract and retain senior management and other qualified personnel; the Company's reliance on its and its third-party service providers' information technology; the Company's ability to maintain the security of confidential information; the Company's ability to establish and maintain intellectual property protection for its products, as well as the Company's ability to operate its business without infringing, misappropriating or otherwise violating the intellectual property rights of others; the outcome of litigation and regulatory proceedings; the impact of changes in federal, state and international laws, regulations and administrative policy; the Company's existing and any future indebtedness, including the Company's ability to comply with affirmative and negative covenants under its credit agreement; the Company's ability to service its existing indebtedness and obtain additional capital to finance operations and its growth opportunities; volatility of the Company's stock price; the Company's "controlled company" status and the influence of investment funds affiliated with Advent International, L.P. over the Company; the impact of an economic downturn and inflationary pressures on the Company's business; fluctuations in the Company's quarterly results of operations; changes in the Company's tax rates and the Company's exposure to tax liability; and the other factors identified under the heading "Risk Factors" in Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") and in the other documents that the Company files with the SEC from time to time.

Many of these factors are macroeconomic in nature and are, therefore, beyond the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's actual results, performance or achievements may vary materially from those described in this presentation as anticipated, believed, estimated, expected, intended, planned or projected. The forward-looking statements in this presentation represent management's views as of the date hereof. Unless required by law, the Company neither intends nor assumes any obligation to update these forward-looking statements for any reason after the date hereof to conform these statements to actual results or to changes in the Company's expectations or otherwise.

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## **Market and Industry Data Looking**

This presentation includes market and industry data and forecasts that the Company has derived from independent consultants, publicly available information, various industry publications, other published industry sources and the Company's internal data and estimates. While independent consultant reports, industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable, the Company has not independently verified such information. The Company's internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which the Company operates and management's understanding of industry conditions. Although the Company believes that such information is reliable, the Company has not had this information verified by any independent sources. Similarly, the Company's internal research is based upon management's understanding of industry conditions, and such information has not been verified by any independent sources. To the extent that any estimates underlying such market-derived information and other factors are incorrect, actual results may differ materially from those expressed in the independent parties' estimates and in the Company's estimates.

## **Non-GAAP Financial Measures**

This presentation contains "non-GAAP financial measures," including adjusted net income, adjusted gross profit, adjusted gross profit margin, adjusted EBITDA, adjusted EBITDA margin, adjusted SG&A, adjusted diluted EPS and adjusted effective tax rate. These are financial measures that are not calculated or presented in accordance with generally accepted accounting principles in the United States ("GAAP") and may exclude items that are significant in understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to measures of profitability, liquidity or performance under GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly titled measures used and may be calculated differently. Please refer to the Appendix to this presentation for a reconciliation of these non-GAAP metrics to their most directly comparable financial measure stated in accordance with GAAP.

This presentation includes forward-looking guidance for adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted gross profit margin, adjusted effective tax rate and adjusted SG&A. The Company is not able to provide, without unreasonable effort, a reconciliation of the guidance for adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted gross profit margin, adjusted effective tax rate and adjusted SG&A to the most directly comparable GAAP measure because the Company does not currently have sufficient data to accurately estimate the variables and individual adjustments included in the most directly comparable GAAP measure that would be necessary for such reconciliations, including (a) income tax related accruals in respect of certain one-time items, (b) costs related to potential debt or equity transactions, and (c) other non-recurring expenses that cannot reasonably be estimated in advance. These adjustments are inherently variable and uncertain and depend on various factors that are beyond the Company's control and as a result it is also unable to predict their probable significance. Therefore, because management cannot estimate on a forward-looking basis without unreasonable effort the impact these variables and individual adjustments will have on its reported results in accordance with GAAP, it is unable to provide a reconciliation of the non-GAAP measures included in its fiscal 2024 guidance.



# AMANDA BALDWIN

Chief Executive Officer

# AMANDA BALDWIN JOINED OLAPLEX AS CEO MID-DECEMBER 2023

**Passionate about  
Brand Strategy,  
Product Innovation  
and Leading Teams**

- Joined OLAPLEX after working with **brands in various stages of their growth trajectory**, including Supergoop!, Dior Beauty and Clinique
- Understands the advantages that come with **speed and agility**
- Knows what it takes to **create enduring brand equity**, achieve seamless execution and **develop the operational infrastructure** required to support a much larger business
- Appreciates the need to **continuously innovate and rise above new challenges** while staying true to what makes a brand unique

# STRONG FOUNDATION OF OLAPLEX



**Extraordinary  
Technical  
Foundation and  
Ability to Deliver  
Impactful  
Innovation**



**Cultivated a  
Passionate  
Community of  
Stylists and  
Consumers**



**A Category  
Leader,  
Consistently  
Ranking as a  
Top Brand in Key  
Accounts**



**Proven Across  
Geographies  
and Channels of  
Distribution, Can  
Deliver Impact  
at Scale**



**Talented and  
Dedicated  
Team, Ready to  
Take The Brand  
to the Next Level**

# INITIATIVES AND PRIORITIES FOR FY 2024

**Maximizing the Impact**  
of Sales, Marketing  
and Education  
Investments To  
Generate Demand

**Strengthening  
Capabilities and  
Culture** To  
Support the Future

**Developing the Long-  
Term Roadmap** and  
Future Vision for  
OLAPLEX



# MAXIMIZING OUR SALES, MARKETING AND EDUCATION INVESTMENTS



Recreating meaningful connections with the Pro community

Sustaining a **more balanced, full-funnel marketing approach**, while **optimizing** channel and asset strategy

Implementing **proven activations** in brick-and-mortar and digital across all three of channels of distribution

Taking the appropriate actions to **build and maintain the long-term health** of the business







## Strengthening Our Capabilities and Our Culture to Support the Future

- Evolve integrated business planning capabilities to improve overall business performance management
- Enrich our insights and analytics through enhanced IT capabilities
- Build on our strong corporate culture to enable our people as the drivers of our business

## Developing the Long-Term Roadmap and Future Vision for OLAPLEX

- Refine our brand identity rooted in stylist, consumer, customer and category insights
- Enhance the new product development process
- Strengthen international business management
- Establish a long-range strategic plan and financial framework



# ERIC TIZIANI

Chief Financial Officer

# POSITIVE STEPS FORWARD IN STABILIZING DEMAND TREND



Q4 2023 sell-through at key accounts was -27% YoY, **comparable with the trend in Q3 2023** of -27% YoY

We believe the months-on-hand inventory position at our major accounts on our **core items remain in a healthy position**

Aggregated sell-out sales dollars at key accounts +21% sequentially in Q4 2023 vs. Q3 2023, **in line with our expectations given seasonality**

**Olaplex.com remains strong**, posting third consecutive quarter of positive YoY growth, and up double digits YoY in Q4

Brand health metrics among prestige haircare consumers remain **strong and consistent with prior months**

# Q4 2023 NET SALES

## Net Sales

Net sales  
**-14.5%**

## Channel Sales

Professional  
**-22.7%**

Direct to Consumer  
**-2.8%**

Specialty Retail  
**-16.3%**

## Sales By Geography

U.S.  
**-27.9%**

International  
**-0.7%**

All figures compared to fourth quarter 2022.

# Q4 2023 FINANCIAL RESULTS

**Gross Profit  
Margin**

**68.7%**  
vs **70.4%**

**Adjusted  
Gross Profit  
Margin<sup>(1)</sup>**

**70.6%**  
vs **72.5%**

**SG&A**

**\$49.2 MM**  
vs **\$34.6 MM**

**Adjusted  
SG&A<sup>(1)</sup>**

**\$44.5 MM**  
vs **\$28.8 MM**

All figures compared to fourth quarter 2022.

(1) Adjusted Gross Profit Margin and Adjusted SG&A are non-GAAP measures. Please refer to the Appendix for additional information on these non-GAAP financial measures, including reconciliations to the most directly comparable GAAP measures.

# Q4 2023 FINANCIAL RESULTS

## Net Income

**\$14.1 MM**  
vs **\$33.6 MM**

## Diluted EPS

**\$0.02**  
vs **\$0.05**

## Adjusted Net Income<sup>(1)</sup>

**\$22.3 MM**  
vs **\$48.3 MM**

## Adjusted Diluted EPS<sup>(1)</sup>

**\$0.03**  
vs **\$0.07**

## Adjusted EBITDA<sup>(1)</sup>

**\$36.0 MM**  
vs **\$67.6 MM**

## Adjusted EBITDA Margin<sup>(1)</sup>

**32.2%**  
vs **51.7%**

All figures compared to fourth quarter 2022.

(1) Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS are non-GAAP measures. Please refer to the Appendix for additional information on these non-GAAP financial measures, including reconciliations to the most directly comparable GAAP measures.



# YEAR END 2023 FINANCIAL POSITION

## Inventory

**\$95.9 MM**  
vs **\$144.4 MM**

December 31, 2023 compared to  
December 31, 2022

## Cash and Cash Equivalents, and Cash Flows from Operations

Cash Flows from Operations  
**\$177.5 MM**  
vs **\$255.3 MM**

12 months ended December 31, 2023 compared to  
12 months ended December 31, 2022

Cash and Cash Equivalents  
**\$466.4 MM**  
vs **\$322.8 MM**

December 31, 2023 compared to  
December 31, 2022

## Long-Term Debt (Net of current portion and deferred debt issuance costs)

**\$649.0 MM**  
vs **\$654.3 MM**

December 31, 2023 compared to  
December 31, 2022

## FISCAL YEAR 2024 GUIDANCE



	<b>FY 2024 Guidance</b>	<b>Actual 2023</b>	<b>+/- Change</b>
<b>Net Sales</b>	\$435 - \$463	\$458	(5)% to +1%
<b>Adjusted Net Income*</b>	\$87 - \$100	\$108	(20)% to (8)%
<b>Adjusted EBITDA*</b>	\$143 - \$159	\$174	(18)% to (9)%

\*Adjusted EBITDA and adjusted net income are non-GAAP measures. The Company is not able to provide, without unreasonable effort, a reconciliation of the guidance for adjusted EBITDA and adjusted net income to the most directly comparable GAAP measure because the Company does not currently have sufficient data to accurately estimate the variables and individual adjustments included in the most directly comparable GAAP measure that would be necessary for such reconciliations, including (a) income tax related accruals in respect of certain one-time items, (b) costs related to potential debt or equity transactions, and (c) other non-recurring expenses that cannot reasonably be estimated in advance. These adjustments are inherently variable and uncertain and depend on various factors that are beyond the Company's control and as a result it is also unable to predict their probable significance. Therefore, because management cannot estimate on a forward-looking basis without unreasonable effort the impact these variables and individual adjustments will have on its reported results in accordance with GAAP, it is unable to provide a reconciliation of the non-GAAP measures included in its fiscal 2024 guidance.

## FISCAL YEAR 2024 GUIDANCE ASSUMPTIONS



**Adjusted Gross Profit  
Margin\***

**72.5% to  
73.1%**

**Adjusted SG&A Expense\***

**\$172 MM to  
\$179 MM**

**Non-Employee Marketing  
and Advertising Expenses**

**\$66 MM to  
\$70 MM**

**Adjusted EBITDA Margin\***

**32.8% to  
34.3%**

\*Adjusted Gross Profit Margin, adjusted SG&A expense and adjusted EBITDA Margin are non-GAAP measures. The Company is not able to provide, without unreasonable effort, a reconciliation of the guidance for adjusted gross profit margin, adjusted SG&A expense and adjusted EBITDA margin to the most directly comparable GAAP measure because the Company does not currently have sufficient data to accurately estimate the variables and individual adjustments included in the most directly comparable GAAP measure that would be necessary for such reconciliations, including (a) income tax related accruals in respect of certain one-time items, (b) costs related to potential debt or equity transactions, and (c) other non-recurring expenses that cannot reasonably be estimated in advance. These adjustments are inherently variable and uncertain and depend on various factors that are beyond the Company's control and as a result it is also unable to predict their probable significance. Therefore, because management cannot estimate on a forward-looking basis without unreasonable effort the impact these variables and individual adjustments will have on its reported results in accordance with GAAP, it is unable to provide a reconciliation of the non-GAAP measures included in its fiscal 2024 guidance.

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**Q & A**

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## APPENDIX

# NON-GAAP RECONCILIATION



## Adjusted EBITDA (\$MM)

	For the Quarter Ended December 31,	
	2023	2022
<b>Net Income</b>	<b>\$ 14</b>	<b>\$ 34</b>
Depreciation and amortization of intangible assets	13	13
Interest expense, net	9	10
Income tax provision	3	8
Share-based compensation	2	2
Inventory write off and disposal <sup>1</sup>	-	*
Executive reorganization costs <sup>2</sup>	*	4
Organizational realignment <sup>3</sup>	3	-
Labelling stock write off and disposal <sup>4</sup>	-	*
Tax receivable agreement liability adjustment	(8)	(3)
<b>Adjusted EBITDA</b>	<b>\$ 36</b>	<b>\$ 68</b>
<b>Adjusted EBITDA margin</b>	<b>32.2%</b>	<b>51.7%</b>

## Adjusted Gross Profit (\$MM)

	For the Quarter Ended December 31,	
	2023	2022
<b>Gross Profit</b>	<b>\$ 77</b>	<b>\$ 92</b>
Amortization of patented formulations	2	3
Inventory write off and disposal <sup>1</sup>	-	*
Labelling stock write off and disposal <sup>4</sup>	-	*
<b>Adjusted Gross Profit</b>	<b>\$ 79</b>	<b>\$ 95</b>
<b>Adjusted Gross Profit Margin</b>	<b>70.6%</b>	<b>72.5%</b>

- The inventory write-off and disposal costs relate to unused stock of a product that the Company reformulated in June 2021 as a result of regulation changes in the E.U. In the interest of having a single formulation for sale worldwide, the Company reformulated on a global basis and is disposing of unused stock.
  - Represents initial costs and ongoing benefit payments associated with the departure of the Company's Chief Operating Officer during the year ended December 31, 2022.
  - Represents costs associated with the Company's CEO transition and other organizational realignment, recorded during the year ended December 31, 2023.
  - Labelling stock write-off and disposal costs relate to disposal of unused product labels that the Company was required to update as a result of regulation changes in the E.U that became effective in the first quarter of 2023.
- \* Costs for this period were less than \$500 thousand dollars, and round to zero in this presentation.



# NON-GAAP RECONCILIATION



## Adjusted Net Income (\$MM)

	For the Quarter Ended December 31,	
	2023	2022
<b>Net Income</b>	<b>\$ 14</b>	<b>\$ 34</b>
Amortization of intangible assets (excluding software)	12	12
Share-based compensation	2	2
Inventory write off and disposal <sup>1</sup>	-	*
Executive reorganization costs <sup>2</sup>	*	4
Organizational realignment <sup>3</sup>	3	-
Labelling stock write off and disposal <sup>4</sup>	-	*
Tax receivable agreement liability adjustment	(8)	(3)
Tax effect of adjustments	(1)	(1)
<b>Adjusted net income</b>	<b>\$ 22</b>	<b>\$ 48</b>
<b>Adjusted net income per share:</b>		
Basic	\$ 0.03	\$ 0.07
Diluted	\$ 0.03	\$ 0.07

## Adjusted SG&A (\$MM)

	For the Quarter Ended December 31,	
	2023	2022
<b>SG&amp;A</b>	<b>\$ 49</b>	<b>\$ 35</b>
Share-based compensation	(2)	(2)
Executive reorganization costs <sup>2</sup>	*	(4)
Organizational realignment <sup>3</sup>	(3)	-
<b>Adjusted SG&amp;A</b>	<b>\$ 44</b>	<b>\$ 29</b>

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# NON-GAAP RECONCILIATION



## Adjusted EBITDA (\$MM)

	For the Year Ended December 31,	
	2023	2022
<b>Net Income</b>	<b>\$ 62</b>	<b>\$ 244</b>
Depreciation and amortization of intangible assets	50	49
Interest expense, net	39	41
Income tax provision	15	61
Loss on extinguishment of debt <sup>6</sup>	-	19
Share-based compensation	9	7
One-time former distributor payment <sup>5</sup>	4	-
Inventory write off and disposal <sup>1</sup>	*	5
Executive reorganization costs <sup>2</sup>	*	4
Organizational realignment <sup>3</sup>	3	-
Labelling stock write off and disposal <sup>4</sup>	-	2
Distribution start-up costs <sup>7</sup>	-	*
Tax receivable agreement liability adjustment	(8)	(3)
<b>Adjusted EBITDA</b>	<b>\$ 174</b>	<b>\$ 429</b>
<b>Adjusted EBITDA margin</b>	<b>38.0%</b>	<b>60.9%</b>

## Adjusted Gross Profit (\$MM)

	For the Year Ended December 31,	
	2023	2022
<b>Gross Profit</b>	<b>\$ 319</b>	<b>\$ 519</b>
Amortization of patented formulations	8	7
Inventory write off and disposal <sup>1</sup>	*	5
Labelling stock write off and disposal <sup>4</sup>	-	2
<b>Adjusted Gross Profit</b>	<b>\$ 327</b>	<b>\$ 533</b>
<b>Adjusted Gross Profit Margin</b>	<b>71.4%</b>	<b>75.7%</b>

- The inventory write-off and disposal costs relate to unused stock of a product that the Company reformulated in June 2021 as a result of regulation changes in the E.U. In the interest of having a single formulation for sale worldwide, the Company reformulated on a global basis and is disposing of unused stock.
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  - Represents costs associated with the Company's CEO transition and other organizational realignment, recorded during the year ended December 31, 2023.
  - Labelling stock write-off and disposal costs relate to disposal of unused product labels that the Company was required to update as a result of regulation changes in the E.U that became effective in the first quarter of 2023.
  - During the year ended December 31, 2023, the Company made a one-time \$3.5 million payment to a former distributor in the United Arab Emirates, which enabled the Company to establish a partnership with another distributor in the region.
  - On February 23, 2022, the Company refinanced its existing secured credit facility with a new credit agreement comprised of a \$675 million senior secured term loan facility and a \$150 million senior secured revolving credit facility. This refinancing resulted in recognition of loss on extinguishment of debt of \$18.8 million which is comprised of \$11.0 million in deferred financing fee write off, and \$7.8 million of prepayment fees for the previously existing credit facility. Loss on extinguishment of debt is included as non-ordinary costs and fees in the reconciliations above.
  - The distribution start-up costs relate to one-time charges associated with the set-up of a new third party logistics provider.
- \* Costs for this period were less than \$500 thousand dollars, and round to zero in this presentation.

# NON-GAAP RECONCILIATION



## Adjusted Net Income (\$MM)

	For the Year Ended December 31,	
	2023	2022
<b>Net Income</b>	<b>\$ 62</b>	<b>\$ 244</b>
Amortization of intangible assets (excluding software)	49	48
Loss on extinguishment of debt <sup>6</sup>	-	19
Share-based compensation	9	7
One-time former distributor payment <sup>5</sup>	4	-
Inventory write off and disposal <sup>1</sup>	*	5
Executive reorganization costs <sup>2</sup>	*	4
Organizational realignment <sup>3</sup>	3	-
Labelling stock write off and disposal <sup>4</sup>	-	2
Distribution start-up costs <sup>7</sup>	-	*
Tax receivable agreement liability adjustment	(8)	(3)
Tax effect of adjustments	(11)	(14)
<b>Adjusted net income</b>	<b>\$ 108</b>	<b>\$ 312</b>
<b>Adjusted net income per share:</b>		
Basic	\$ 0.17	\$0.48
Diluted	\$ 0.16	\$0.45

## Adjusted SG&A (\$MM)

	For the Year Ended December 31,	
	2023	2022
<b>SG&amp;A</b>	<b>\$ 169</b>	<b>\$ 113</b>
Share-based compensation	(9)	(7)
Executive reorganization costs <sup>2</sup>	*	(4)
Organizational realignment <sup>3</sup>	(3)	-
One-time former distributor payment <sup>5</sup>	(4)	-
Distribution start-up costs <sup>7</sup>	-	*
<b>Adjusted SG&amp;A</b>	<b>\$ 153</b>	<b>\$ 102</b>

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