

Risk Factors Comparison 2025-03-04 to 2024-02-29 Form: 10-K

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An investment in our common stock involves risks. Investors should carefully consider the following information about these risks, together with the other information contained in this Annual Report. The risks described below are those that we believe are the material risks that we face. If any of the following risks actually occurs, our business, prospects, operating results and financial condition could suffer materially, and the trading price of our common stock could decline. Some of the following risks and uncertainties are, and will be, exacerbated by any worsening of the global business and economic environment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial also may materially and adversely affect our business, prospects, operating results or financial condition. See “Special Note Regarding Forward-Looking Statements” ~~of elsewhere in~~ this Annual Report.

Risks Related to Our Business **Our success depends, in part, on the effectiveness and successful implementation of our business transformation plan. Our future growth and revenue depend upon the effectiveness and successful implementation of our business transformation plan, including our strategic priorities. Our transformation plan has resulted in and is expected to continue to result in changes to business priorities and operations, marketing and brand strategies, capital allocation priorities, and operational and organizational structure, as well as increased demands on management. Achieving our transformation plan may require investment in new capabilities, products, talent, third party service providers, infrastructure, technologies and markets, as well as in efforts to enhance our brand, our presence amount the Pro community and our market penetration. These investments may not be successful, and they may also result in short-term costs without associated current sales and, therefore, may be dilutive to our earnings. Further, such investments may result in loss of customers, reduced sales volume, higher than expected costs, loss of key personnel, and other negative impacts on our business. Implementation of our transformation plan may take longer than anticipated. The failure to realize anticipated benefits of our business transformation plan or any delay in realizing such benefits, which may be due to our inability to execute plans, delays in the implementation of our plans, global or local economic conditions, competition, changes in the beauty industry and the other risks described herein, could have an adverse effect on our business, financial condition and results of operations. Our work to realign our international distributor network has reduced net sales in the short term, and we may not achieve the expected benefits of this realignment initiative in the timeframe we anticipate, if at all. Our investments in sales and marketing, including our new visual identity and brand marketing strategy, may not result in increased brand awareness and revenue. In addition, we need to continue to attract, develop and retain qualified executives and employees to successfully implement our transformation plan. We have experienced executive and employee turnover as we have worked to implement the initiatives we believe are required to achieve our strategic objectives. We may not be able to successfully retain and develop existing talent and identify, hire and integrate new talent, which may result in weaknesses in our infrastructure and operations, risks that we may not be able to comply with legal and regulatory requirements, and loss of employees and reduced productivity among remaining employees. Our growth has in the past, and may in the future, strain our ability to effectively manage our operations, as it may require us to expand our management team and our sales, marketing, innovation, manufacturing, logistics, distribution, and information technology functions, including with respect to use of new or advancing technologies such as artificial intelligence (“AI”). Ineffective execution to support growth could result in, among other things, product delays or shortages, operating errors, outages, inadequate customer service, inappropriate claims or promotions by our marketing team or brand representatives and governmental inquiries and investigations, all of which could harm our revenue and ability to generate sustained growth and result in unanticipated expenses. Expansion into new international markets or within existing markets may create operating difficulties in managing our business across numerous jurisdictions and ultimately may not be successful, which could result in slower revenue growth, higher operating costs and lower margins than anticipated and could impair our ability to enter into additional new markets or attract new customers.** The beauty industry is highly competitive, and if we are unable to compete effectively, our business, financial condition and results of operations could be adversely affected. We face ~~increased~~ **vigorous** competition in the beauty industry from companies throughout the world, including multinational consumer product companies and new independent beauty brands. ~~Some of our competitors~~ **Many multinational consumer product companies market and sell their products under multiple brands and have greater financial, technical or marketing resources, longer operating histories, greater brand recognition or larger customer bases than we do and, As a result, these companies** may be able to better respond to changing business and economic conditions and compete in distribution channels or territories where we are less represented. Certain of our competitors have and may continue to attempt to gain market share by offering products at prices at or below the prices at which our products are typically offered, including through the use of discounts or other promotions, or by marketing their products at lower cost or as more effective versions of certain of our products. **It is difficult for us to predict the timing and scale of our competitors’ actions and their impact on the industry or on our business.** Competition in the beauty industry is based on a variety of factors, including innovation, product efficacy, ~~accessible~~ pricing, brand recognition and loyalty, service to the consumer, **distribution**, promotional activities, advertising, special events, new product introductions, e-commerce initiatives, sustainability and other activities. ~~It is difficult for us to predict the timing and scale of our competitors’ actions in these areas.~~ In addition, **as small independent companies continue to enter the market with new brands and customized product offerings. As** we expand into adjacent or other

categories, we have faced, and will continue to face, different and, in some cases, more formidable competition. Our ability to compete depends on a number of factors, including the continued strength of our brand and quality of our products, our ability to attract and retain key **personnel talent**, the success of our marketing and innovation strategies, our ability to execute our strategic plan, the successful management of new product introductions and innovations, ~~the influence of our brand ambassadors and brand advocates~~, the efficiency of our third- party manufacturing facilities and distribution network, **the effectiveness of our omnichannel distribution model**, our relationships with our key customers and **Pros professional hairstylists**, and our ability to maintain and protect our intellectual property and other rights used in our business, **and our ability to leverage new or advancing technologies such as AI**. In addition, certain of our competitors have ownership interests in third parties that are customers of ours, and, as a result, such customers may have an interest in promoting these competing brands over our products. Our inability to continue to compete effectively would have an adverse effect on our business, financial condition and results of operations. Our brand is critical to our success. If we fail to maintain the value of our brand or our marketing efforts are not successful, our business, financial condition and results of operations would be adversely affected. Maintaining, promoting and positioning our brand depends largely on the success of our marketing and merchandising efforts and our ability to provide consistent, high- quality products. Our brand and reputation ~~are~~ **have been** adversely affected by negative publicity, ~~and~~ **or misinformation that is outside of our control. In addition,** a failure to deliver innovative and high- quality products ~~would~~ **could also** tarnish our public image. ~~In addition,~~ **and** our brand and reputation could be adversely affected if we engage in discounting or promotional activities that negatively impact consumers' perceptions of the prestige nature of our products. **Failure by us or the third parties with whom we do business to comply with laws, regulations, ethical, social, product, labor and environmental standards could also jeopardize our reputation.** We have made significant investments in sales and marketing, including ~~investments designed to enhance our educational efforts, increase our interactions with our professional hairstylist and consumer communities, and attract new customers~~ **visual identity** and consumers, and we expect to continue to make significant investments to promote our brand **marketing strategy** and our products. However, our brand development strategies and investments may not increase the recognition of our brand or increase revenues, **or such benefits may take longer to materialize than anticipated**. If we are unable to preserve our brand reputation, enhance our brand recognition or increase positive awareness of our products, we may not attract or engage customers and consumers or be able to expand our business, which would negatively impact our business, financial condition and results of operations. We frequently use third- party digital and social media platforms to raise awareness of our brand and engage with our **Pro professional hairstylist** and consumer communities. ~~We also partner with,~~ **including through advocacy from our** brand ambassadors and **influencers** brand advocates who promote and market our products, participate in product launches, engage with our professional hairstylist and consumer communities and educate them about our products. If we are unable to cost- effectively develop and continuously improve our consumer- facing presence on existing, evolving or new digital and social media platforms, including adapting to changing algorithms or other developments in such platforms that are outside of our control, our ability to acquire new and retain existing customers and consumers may suffer, and we may not be able to provide a convenient and consistent experience to our **Pros professional hairstylists** and consumers across sales channels. This could negatively affect our ability to compete ~~with other companies~~ and result in diminished loyalty to our brand and decreased sales. **Further, any disruptions to the social media channels that we use for marketing could adversely affect our business, financial condition and results of operations**. The use of social media by us, our brand ambassadors, **influencers**, our brand advocates and our consumers carries the risk that our image and reputation could be negatively impacted. Negative commentary or false statements disseminated by others about ~~the our~~ brand, the safety and efficacy of our products, our brand ambassadors ~~and brand advocates~~, **influencers**, and other third parties who are affiliated with us have been, and may in the future be, posted on social media platforms. Social media and other consumer- oriented technologies ~~has~~ **have** increased the speed and reach of information dissemination, and our target consumers often act on such information without further investigation into its accuracy. The harm to our brand and reputation resulting from the dissemination of negative commentary and false statements may be immediate and has had, and may in the future have, an adverse effect on our ability to attract and engage customers and consumers and on our business, financial condition and results of operations. Our ability to maintain relationships with our existing **brand** ambassadors and ~~advocates~~ **influencers** and to identify new **brand** ambassadors and ~~advocates~~ **influencers** is critical to expanding and maintaining awareness of our brand and our customer and consumer base. As our market becomes increasingly competitive and as we expand internationally, recruiting and maintaining new **brand** ambassadors and ~~advocates~~ **influencers** may become increasingly difficult and costly. In addition, our **brand** ambassadors or ~~advocates~~ **influencers** could engage in behavior or use their platforms in a manner that reflects poorly on our brand or is in violation of applicable platform terms of service, laws or regulations, including with respect to product or marketing claims. These actions may be attributed to us or could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties. If we are unable to anticipate and respond to market trends and changes in consumer preferences and successfully introduce new, innovative and high- quality products, our financial results could be adversely affected. Our continued success depends on our ability to anticipate, gauge and react in a timely, effective manner to changes in consumer ~~tastes~~ **preferences** for hair care ~~prestige haircare~~ and other beauty products and attitudes toward our industry and brand. **From time to time, consumers may prioritize spending in other categories of prestige beauty products in which we do not participate, such as skincare or color cosmetics, which may negatively impact growth in the prestige haircare category and decrease demand for our products**. We must continually work to maintain and enhance the recognition and reputation of our brand ~~;~~ develop, manufacture and market new products ~~;~~ **stay ahead of technology trends by developing or acquiring novel technology; successfully manage our inventories; and** maintain and adapt to existing and emerging distribution channels ~~;~~ **successfully manage our inventories and modernize and refine our approach as to how and where we market marketing platforms** and sell our products. Our new products and innovations on existing products may not receive the same

level of consumer acceptance as our products have in the past. **These risks have been and may continue to be exacerbated by the current macroeconomic environment, which has led to shifts in consumer spending habits and confidence.** Consumer tastes and preferences cannot be predicted with certainty and can change rapidly. **The** This risk is increased by the use of digital and social media by consumers and the speed by which information and opinions are shared **increases this risk.** Even if we are successful in anticipating consumer needs and preferences, our ability to timely and adequately respond to those needs and preferences will in part depend upon our continued ability to develop and introduce innovative, high- quality products **and while maintain maintaining** our distinctive brand identity as we expand the range of products we offer. The acceptance of new product launches and other product innovations may not be as high as we anticipate due to factors including lack of acceptance of the products themselves, the price of the products or the strengths of our competitors, **including their ability to introduce similar products in a more timely fashion.** In addition, our ability to launch new products would be limited by delays or difficulties affecting the ability of our suppliers or manufacturers to **procure raw materials, comply with quality standards and** timely manufacture, distribute and ship new products or displays for new products, **including as a result of regulations in the relevant jurisdictions.** Sales of new products **are** would be affected by our ability to execute our marketing strategies, inventory management by our retail customers, and **by** product shortages or limitations in retail display space by our retail customers. We may also experience a decrease in sales of certain existing products as a result of newly launched products, the impact of which could be exacerbated by shelf space limitations or any shelf space loss. Any of these occurrences could delay or impede our ability to achieve our sales objectives, which could have a material adverse effect on our business, financial condition and results of operations. Further, new product innovation may place a strain on our employees and our financial resources, including incurring expenses in connection with product innovation, development and marketing that are not subsequently supported by a sufficient level of sales. As part of our ongoing business strategy, we may continue to expand our product launches into adjacent categories in **haircare hair care** and other categories. The success of such product launches could be hampered by our relative inexperience operating in such categories, the strength of our competitors in such categories or any of the other risks described elsewhere in this “ Risk Factors ” section. Our failure to **anticipate and** effectively respond to changing consumer preferences and **market** trends **in the market for our products** or to effectively introduce new products in our traditional product categories, new products in adjacent or other categories or innovations on existing products **that appeal to consumers, or the introduction by our competitors of similar products in a more timely fashion,** could lead to, among other things, lower sales, excess inventory or inventory shortages, markdowns and write- offs and diminished brand loyalty, and our business, financial condition and results of operations could suffer. **These risks have been and may continue to be exacerbated by the current macroeconomic environment. Consumer spending habits and confidence have shifted and may continue to change in light of inflationary pressures and other risks described elsewhere in this “ Risk Factors ” section.** Our success depends, in part, on the quality, efficacy and safety of our products. Any loss of confidence on the part of our customers or consumers in the **quality, efficacy or** safety **or quality** of our products **or,** including the ingredients used in our products, whether actual or perceived, or inclusion of ingredients that are regulated in certain jurisdictions, could harm our brand image and reputation and could cause consumers to choose other products. Regardless of their merit, allegations of adverse effects on product safety or suitability for use by particular consumers have harmed our brand and our reputation and had an adverse impact on our sales. **Such allegations, even if untrue, could also lead to increased scrutiny or enforcement action from regulatory authorities or cause us to stop selling or recall our products, which could adversely affect our business and financial results.** For example, in February 2023, a complaint alleging personal and economic injury, and asserting claims for breach of warranty, negligence / gross negligence, products liability, unjust enrichment, and violations of California False Advertising Law and Unfair Competition Law, was filed against us. The plaintiffs alleged that certain ingredients used in some Company products had purportedly caused irritation or posed a hazard to consumers, and that the Company engaged in misrepresentation with respect to those products. For more information, see “ **Legal Proceedings ” included in Part I, Item 3 of this Annual Report. Legal Proceedings.**” While the plaintiff’ s claims were dismissed without prejudice in July 2023, we may be subject to additional claims in the future, whether from those plaintiffs or other consumers. **Such claimants Claimants** may **assert allege** that our products fail to meet quality or manufacturing specifications and standards, violate applicable laws or regulations, contain contaminants **or other harmful ingredients,** include inadequate instructions as to their proper use, include inadequate warnings concerning side effects and interactions with other substances or for persons with health conditions or allergies, or cause adverse reactions or side effects, or that our product claims, instructions or marketing are false and misleading. **Such allegations, even if untrue, could also lead to increased scrutiny or enforcement action from regulatory authorities or cause us to stop selling or recall our products, which could adversely affect our business and financial results.** Product- related claims or class action lawsuits increase our costs and could divert the attention of our management, which could adversely affect our business and financial results. **In addition, concerns regarding the safety or quality of our competitors’ products could reduce consumer demand for our own products if consumers view such concerns to be similar or representative of the broader product category.** As we continue to offer an increasing number of new products, our product- related claims risk may increase. **Our In the event that claims are brought against us in the future, our** insurance policies may not cover any or all of the resulting financial losses **or and the** broader damage to our reputation **that such claims may cause. Any claims brought against us may be subject to policy exclusions or exceed our existing or future insurance policy coverage of limits. In addition, we may be required to pay higher premiums and accept higher deductibles in order to secure adequate insurance coverage in the future.** If our products are found or believed to be defective or unsafe, our product claims are found to be deceptive, or our products otherwise fail to meet our consumers’ expectations, our relationships with customers or consumers could suffer, the appeal of our brand could be diminished, and we could lose sales and become subject to liability or claims, any of which could result in a material adverse effect on our business. **Our success depends, in part, on our ability to execute our long- term strategic plan. Our future growth and revenue depend upon our ability to successfully implement our**

long-term strategic plan. Achieving our long-term strategic plan will require investment in new capabilities, products, technologies and emerging markets, as well as in efforts to increase recognition of our brand and market penetration. These investments may not be successful, and may also result in short-term costs without associated current sales and, therefore, may be dilutive to our earnings. Our growth has in the past, and may in the future, strain our ability to effectively manage our operations, as it requires us to expand our management team, sales and marketing, product development and logistics and distribution functions. Growth may require us to further upgrade our management information systems, internal processes and procedures and technology, including with respect to use of new or advancing technologies such as artificial intelligence (“AI”). It also requires us to obtain sufficient raw materials and manufacturing capacity and additional operational capabilities and facilities to warehouse and distribute our products, particularly as we continue to expand internationally. Ineffective execution to support growth could result in, among other things, product delays or shortages, operating errors, outages, inadequate customer service, inappropriate claims or promotions by our marketing team or brand ambassadors and governmental inquiries and investigations, all of which could harm our revenue and ability to generate sustained growth and result in unanticipated expenses. Expansion into new international markets may create operating difficulties in managing our business across numerous jurisdictions and ultimately may not be successful, which could result in slower revenue growth, higher operating costs and lower margins than anticipated and could impair our ability to enter into additional new markets. In addition, we need to continue to attract and develop qualified management personnel to sustain growth. If we are not able to successfully retain and develop existing personnel and identify, hire and integrate new personnel, our business, financial condition and results of operations would be adversely affected. We have expanded our operations rapidly since our inception in 2014. Our historical growth should not be considered as indicative of our future performance. If we are unable to accurately forecast customer and consumer demand, manage our inventory and plan for future expenses, our results of operations could be adversely affected. While we devote significant attention to forecasting efforts, the volume, timing, value and type of the orders we receive are inherently uncertain. Historical growth rates, trends and other key performance metrics may not predict future demand or growth. Our business and our ability to forecast demand is affected by, among other things, general economic and business conditions in the U.S. and in our international markets, public and consumer preferences, changes in buying patterns of retailers and consumers, customer confidence in future economic conditions, inventory management of customers, and competition. **Our ability to forecast demand will be increasingly affected by conditions in international markets as we continue to expand internationally** the beauty industry and the actions of our competitors. A portion of our expenses are fixed, and **cannot as a result, we may be unable adjusted even during periods when revenue is unexpectedly lower, which leads to lower profits adjust our spending in a timely manner to compensate for any unexpected shortfall in net revenues**. Any failure to accurately predict demand for our products or expenses could cause our operating results **to be lower than expected, which could adversely affect our financial condition**. We base our current and future inventory needs and expense levels on our operating forecasts, forecasts of expected future purchasing activity from certain of our customers and our own estimates of future demand. To ensure adequate inventory supply, we must be able to forecast inventory needs and expenses and place orders sufficiently in advance with our manufacturers and suppliers based on our estimates of future demand for particular products. Failure to accurately forecast demand for new or existing products has resulted in, and may in the future result in, inefficient or excess inventory supply or increased costs. For example, we experienced a slowdown in sales momentum during ~~the second half of 2022 and~~ fiscal year 2023, in part, due to inventory rebalancing across certain of our customers. Inventory levels in excess of customer demand has resulted in inventory write-downs or write-offs and may result in the sale of excess inventory at discounted prices, which would cause our gross margins to suffer and could impair the strength and prestige nature of our brand. Further, lower than forecasted demand may result in excess manufacturing capacity, increased inventory storage expenses and reduced manufacturing efficiencies, which would result in lower margins. Conversely, if we underestimate customer demand, **including as a result of unanticipated growth and the launch of new products**, our manufacturers and suppliers may not be able to deliver products to meet our requirements, and we may incur higher costs in order to secure the necessary production capacity or additional or expedited shipping. An inability to meet customer demand **and delays in the delivery of our products to our customers** could result in reputational harm and damaged customer relationships and have an adverse effect on our business, prospects, results of operations, financial condition and cash flows. **While we devote significant attention to..... which could adversely affect our financial condition**. The illegal distribution and sale by third parties of counterfeit versions of our products or the unauthorized diversion by third parties of our products could have an adverse effect on our net sales and a negative impact on our reputation and business. Third parties illegally distribute and sell counterfeit versions of our products. We believe these counterfeit products are inferior to our authentic products and could pose safety risks that our authentic products would not otherwise present to consumers. Consumers could confuse counterfeit products with our authentic products, which could damage or diminish the image, reputation and value of our brand and cause consumers to refrain from purchasing our products in the future. Products sold to professional salon distributors are meant to be sold to and used exclusively by salons and salon professionals or sold exclusively to the retail consumers of these salons. Our products have been and may continue to be sold to sales outlets other than the intended salons and salon professionals, such as to general merchandise retailers or unapproved outlets. Diverted products sold in such unapproved outlets may **be old, damaged or otherwise adulterated or may** impact consumers’ perceptions of the prestige nature of our products. **Further, in some instances, these diverted products may be old, damaged or otherwise adulterated**. Diversion may result in lower net sales of our products if consumers purchase diverted products or choose to purchase products manufactured or sold by our competitors because of any perceived damage or diminishment to the image, reputation or value of our brand resulting from such diversion. **Further, diversion impacts our ability to maintain the price integrity of our brand, which may lead to a decrease in customer confidence in our brand.** We depend on a limited number of customers for a large portion of our net sales. **Certain of our customers accounted for more than 10 % of our net sales. During the year ended December 31, 2024, three of the Company’s customers**

represented 39 % of the Company's total net sales, in aggregate. We expect that certain of our largest customers in 2023 will continue to account for a substantial portion of our net sales for the foreseeable future. ~~The~~ **We could be adversely impacted by the** loss of a significant customer, a shift in the level of support for our brand by any of these customers, or any significant decrease in sales to these customers, including as a result of the restructuring or bankruptcy of one of our customers, consolidation among such customers, retail store closures, decrease in consumer demand or other factors ~~7~~. **Any of these occurrences** could reduce our net sales and operating income, lead to a decrease in customer confidence in our brand and cause a loss of other customers, and therefore could have an adverse effect on our business, financial condition and cash flows. We may be affected by changes in consumer shopping preferences, shifts in distribution channels and changes in the salon and retail environments. ~~Our omnichannel sales platform consists of our Professional, Specialty Retail and Direct-To-Consumer channels.~~ From time to time, our financial performance in certain of ~~these~~ **our distribution** channels may fluctuate relative to others, and our international ~~expansion sales~~ strategy may prioritize certain ~~of these~~ channels based on the market dynamics in a particular jurisdiction. If such a situation persists or one or more channels fails to perform as expected, there could be an adverse effect on our business. **Fluctuations in our distribution channels may have a greater impact on us than on companies that sell their products under multiple brands or that have larger product portfolios across different channels.** Our Professional channel depends on our engagement with professional hairstylists and our reputation and brand image within the professional hairstylist community. Negative perceptions of our brand by the professional hairstylist community have had an adverse effect on our Professional channel. In addition, our Professional channel is impacted by **decreased** consumer demand for salon treatments and changes to the salon environment, and our ~~Pro professional hairstylist~~ customers have limited their product supply when demand for salon treatments ~~has decreases~~ **decreased**. **In addition, our professional channel depends on our engagement with Pros and our reputation and brand image within the Pro community. Negative perceptions of our brand by the Pro community and their end consumers have had an adverse effect on our professional channel.** Further, there may be consolidation of the salon market. If consolidation leads to customers gaining purchasing power, we may need to reduce the cost of our products, which would have an impact on our earnings. Consolidation among our customers may also increase the risk of customer concentration. In addition, consumer preferences have and may continue to shift with respect to retail traffic in brick and mortar stores. Further, any consolidation or liquidation in the retail trade may result in us becoming increasingly dependent on key retailers and could result in an increased risk related to the concentration of our customers. A severe, adverse impact on the business operations of our customers could have a corresponding material adverse effect on us. Our products generally rely on a single or a limited number of manufacturers. The loss of manufacturers or shortages in the supply of raw materials or finished products could harm our business, prospects, results of operations, financial condition and cash flows. Our products generally rely on a single or a limited number of manufacturers. We acquire raw materials, components and packaging from third- party suppliers, and our finished products are manufactured by five third- party manufacturers. One company, Cosway, manufactures products that accounted for ~~more than~~ 61 % of our net sales and ~~32-48~~ % of our inventory product purchases in 2023-2024. **If we experience a partial or complete loss of a key manufacturer, or a significant adverse change in our relationship with any of these manufacturers, we may be unable to supplement or replace our manufacturing capacity on a timely basis or on terms that are acceptable to us, which could result in delays for certain products, lost sales and added costs that could harm our business and customer relationships.** While we ~~have engaged and~~ expect to continue to engage additional third- party manufacturers, engaging a new manufacturer involves risks and costs, including additional due diligence, investment and oversight, and may not ultimately be successful. Any new manufacturer may not have the same capacity to provide us finished product as our current manufacturers provide us. The failure to secure sufficient manufacturing capabilities from third parties **, or any interruptions at our manufacturing locations,** could have a material adverse effect on our business, financial condition and results of operations. A principal raw material for our products is our ~~patented~~ **patent-protected** ingredient, Bis- amino. The other primary raw materials used in our products include essential oils and specialty ingredients **, including our proprietary Bond Shaping Technology™**. In the past, we have been able to obtain an adequate supply of our essential raw materials, and we currently believe we have an adequate supply for virtually all components of our products, including Bis- amino. However, we have encountered and may in the future encounter supply issues with raw materials due to increases in global demand and limited supply capacity, or other supply disruptions, as well as fluctuations in the cost of raw materials. Sustained increases in raw material costs or other inflationary pressures in the future may have an adverse effect on our ability to maintain current operating margins. Further, while we attempt to reduce our exposure to fluctuations in the price of raw materials through contractual arrangements with our suppliers, we may not accurately forecast prices and therefore may at times pay more than prevailing market rates. If any of our third- party suppliers cease to perform their obligations under our current contractual arrangements or terminate such arrangements, we may need to find alternative sources of supply, and these new manufacturers or suppliers may have to be qualified under applicable industry, governmental and Company- mandated vendor standards, which can require additional investment and be time- consuming. In addition, if we experience supply shortages, price increases, quality control concerns, disruption in transportation, warehousing or other necessary services, or regulatory impediments with respect to raw materials, ingredients, components or packaging we use for our products, we may need to seek alternative supplies or suppliers. We cannot guarantee that we would be able to establish alternative relationships on similar terms, without delay or at all, or that any alternative supplier would be of comparable quality. We also may be required to reformulate or substitute ingredients in our products, including due to shortages of specific raw materials in order to meet demand, and these reformulated products may be more expensive to procure or less effective than current formulations and could harm our brand and reputation. If we are unable to successfully respond to such issues, our business, financial condition and results of operations would be adversely affected. A disruption in our **operations supply chain** could adversely affect our business, financial condition and results of operations. Our finished products are manufactured in the U. S. and Europe, **primarily** with a substantial portion manufactured in **Southern** California. Any

interruptions in operations at ~~these~~ **our manufacturing** locations could result in our inability to satisfy demand, **in particular because our products generally rely on a single or a limited number of manufacturers. In addition, we rely on third-party distributors within the United States and internationally.** A number of factors could damage or destroy the manufacturing equipment or our inventory of components, supplies or finished goods, cause substantial delays in manufacturing, supply and distribution of our products, result in the loss of key information and cause us to incur additional expenses. These factors include industrial accidents, ~~natural disasters~~, strikes and other labor disputes, **natural disasters, such as wildfires,** availability of natural resources, **including water,** political crises, such as terrorist attacks, war and other geopolitical instability, capacity constraints, equipment or technology malfunctions or failures, disruptions in ingredient, material or packaging supply, disruptions in supply chain or information technology, loss or impairment of key manufacturing sites or suppliers, product quality control, safety, increase in commodity prices and energy costs, inflationary pressures, licensing requirements and other regulatory issues, pandemic related shut downs and other external factors over which we have no control. We have experienced, **and may in the future experience,** increased input costs for warehousing, transportation and raw materials as a result of global supply chain disruption and inflationary pressures, ~~as well as increased wage rates.~~ **Further, Sustained increases in these costs or our third-party manufacturers, suppliers or distributors may have economic or business interests that are inconsistent with ours; take actions contrary to our instructions, policies or objectives; be unable or unwilling to fulfill their obligations to us; engage in activities that may harm our reputation; or take other actions that are outside** inflationary pressures in the future may have an adverse effect on our ability to maintain current levels of ~~operating margin~~ **our control.** The occurrence of any such **factors or** events could have an adverse effect on our business, financial condition and results of operations. Our business interruption insurance may not cover losses in any particular case, and insurance may not be available on commercially reasonable terms to cover certain of these catastrophic events or interruptions. In addition, regardless of the level of insurance coverage, any disruption that impedes our ability to manufacture our products in a timely manner could adversely affect our business, financial condition and results of operations. We rely on third-party global service providers to deliver our products to customers, including directly to consumers. Our ability to receive inbound inventory efficiently and ship products to customers may be negatively affected by factors beyond our and these providers' control, including pandemic, weather, fire, flood, power loss, earthquakes, acts of war or terrorism or other events specifically impacting our service providers, such as labor disputes, cyberattacks, financial difficulties and system failures. We are also subject to risks of damage or loss during delivery by our shipping providers. We have in the past experienced, and may in the future experience, shipping delays for reasons outside of our control. If we are not able to negotiate acceptable pricing and other terms with our third-party shipping, warehousing and distribution providers, or if these providers experience performance problems or other difficulties in processing our orders or timely delivering our products to customers, our customers could become dissatisfied and cease buying products from us, which could negatively impact our results of operations. We are subject to risks related to the global scope of our operations. Our products are sold in more than ~~100-70~~ countries around the world, with approximately ~~55-50~~ % of our net sales in ~~2023-2024~~ generated outside the U. S. In addition, certain of our products are manufactured in Europe, and we have key third party operational facilities located outside the U. S. that warehouse and / or distribute goods for sale throughout the world. Our global operations are subject to many risks and uncertainties, including: • fluctuations in foreign currency exchange rates and the relative costs of operating in international jurisdictions; • local civil unrest, political instability or changes in diplomatic or trade relationships, such as geopolitical tensions between the U. S. and the People's Republic of China; • foreign or U. S. laws, regulations and policies, including restrictions on trade, immigration and travel, operations, and investments; disputes with third parties arising from such laws, regulations or policies; currency exchange controls; restrictions on imports and exports, including license requirements; tariffs; sanctions; **environmental and sustainability regulations;** and taxes; • inflation and other macroeconomic factors in certain of our international markets; • lack of well-established or reliable legal and administrative systems in certain of our international markets; and • social, economic and geopolitical conditions, such as a pandemic, terrorist attack, war or other ~~military action~~ **hostilities and armed conflicts,** including the current conflicts between Russia and Ukraine and in the Middle East. These risks could have an adverse effect on our business, including our ability to capitalize on growth in new international markets and to maintain the current level of operations in our existing international markets. **In most of these international markets, we face established competitors with more operating experience in those jurisdictions.** Our success depends, in part, on our key ~~personnel~~ **talent.** Our success depends, in part, on our ability to retain our key ~~personnel~~ **talent,** including our ~~executive officers and~~ senior management team. Transitions in our senior management or the unexpected loss of one or more of our key employees could adversely affect our business. Our success also depends, in part, on our continuing ability to identify, hire, train and retain other highly qualified personnel. To support our continued growth, we must effectively integrate, develop, motivate and manage new employees ~~in our fully remote working environment~~ **and maintain a strong, inclusive culture.** To attract top talent, we may need to increase our employee compensation levels to remain competitive in attracting and retaining talented employees. Competition for these employees can be intense. We may not be able to attract, integrate or retain qualified personnel in the future, and our failure to do so could have an adverse effect on our business. Our business is affected by seasonality. Our business has historically been influenced by seasonal trends common to traditional retail selling periods, and ~~the results of our operations~~ **revenues are** typically ~~are~~ slightly higher in the second half of the fiscal year due to increased levels of purchasing by consumers ~~for special and holiday events~~ and by our customers for the end of year holiday selling season. Higher sales during the third and fourth quarters may cause our working capital needs to be greater during the second and third quarters of the fiscal year. However, fluctuations in net sales in any fiscal quarter may be attributable to a number of other factors ~~Adverse events that,~~ **including macroeconomic factors, competitive activity, the level and scope of new product introductions or promotional activities of** ~~occur~~ **our customers, which** during the second half of the fiscal year may negatively impact our net sales during such period and have had and may in the ~~their~~ future have **order placement and receipt of goods. As a**

disproportionate effect on **result of quarterly fluctuations caused by these and other factors, comparisons of our historical** operating results **across different** for the entire fiscal year. Furthermore, our limited operating history and rapid growth in recent years may obscure the extent to which seasonality trends have affected and may continue to affect our business. Accordingly, yearly or quarterly **quarters** comparisons of our operating results may not be **accurate indicators** useful, and our results in any particular period will not necessarily be indicative of **our the results to be expected for any future period performance**. Risks Related to Information Technology and Cybersecurity We rely on the use of our, and our third- party service providers' information technology. Any significant failure, inadequacy, interruption or data security incident impacting our information technology and websites, or those of our third- party service providers, could have an adverse effect on our business, prospects, results of operations, financial condition or cash flows. We increasingly rely on information technology systems to process, transmit and store electronic information, including on our e- commerce website and other platforms and applications. Our ability to effectively manage our business and coordinate the manufacturing, sourcing, distribution, sale and marketing of our products depends on the reliability and capacity of these systems. The failure of our information technology systems or those of our vendors and service providers to operate properly or effectively, problems with transitioning to upgraded or replacement systems, or difficulty in integrating new systems would adversely affect our business operations. Our **success is also subject to the risk of future disruptive technologies, such as AI. Our failure to develop enhancements to our** information technology systems **, or incorporate technologies such as natural language processing, AI or machine learning, may impact our ability to increase the efficiency of and reduce costs associated with our operations. Our information technology systems** and those of our vendors and service providers may be susceptible to outages due to fire, floods, power loss, telecommunications failures, hardware failures, user errors, breaches and cybersecurity threats including **social engineering, phishing, social media breaches**, ransomware and other events. These outages could disrupt our general corporate functions and the manufacturing and distribution operations of our third- party vendors and could cause information, including data related to customer or consumer orders, to be lost or delayed, reduce demand for our products and cause our sales to decline. Further, our e- commerce websites serve as an extension of our marketing strategies by introducing potential new consumers to our brand, product offerings and enhanced content. Due to the importance of our e- commerce operations, we are vulnerable to website downtime and other technical failures. Our failure to successfully respond to these risks in a timely manner could reduce sales and harm our reputation. In addition, if changes in technology cause our information technology systems to become obsolete, or if our information technology systems are inadequate to handle our growth, we could lose customers and consumers. Our and our third- party service providers' technology systems and websites have experienced outages in the past which have disrupted our operations. Any significant disruption in our technology systems or websites could harm our reputation and brand, cause us to incur significant costs and have a material adverse effect on our business, financial condition, and results of operations. Our insurance policies **, or the insurance policies of our service providers and vendors,** may not cover any or all of the **resulting financial losses or broader damage to our reputation resulting from any such disruptions and the broader damage to our reputation that such disruptions may cause**. Failure to adequately maintain the security of confidential information could materially adversely affect our business. As part of our normal business activities, we and our third- party service providers collect and store certain confidential information, including personal or other confidential information with respect to customers, consumers, service providers and employees, information with respect to our intellectual property, and sensitive financial information. The success of our e- commerce operations depends on the secure transmission of confidential and personal data over public networks. Security incidents compromising the confidentiality, integrity, and availability of personal or other confidential information could result from cyberattacks, ransomware, computer malware, supply chain attacks or malfeasance of our personnel. We have in the past experienced, and we expect to continue to experience, security incidents, including phishing, and other attempts to breach, or gain unauthorized access to, our systems. Such attacks have become increasingly difficult to detect, defend against or prevent and may originate from outside parties, hackers, criminal organizations or other threat actors, including nation states. As AI capabilities improve and gain widespread use, we may experience cyberattacks created using AI, which may be difficult to detect and mitigate. We may be more vulnerable to security incidents because **many of** our employees and certain of our service providers work remotely. We cannot guarantee that our security efforts will prevent breaches or breakdowns of our or our third- party service providers' information technology systems. In response to actual or anticipated attacks, we may incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third- party experts and consultants. If we suffer a material loss or disclosure of personal or other confidential information as a result of a breach of our information technology systems or those of our third- party service providers, we may suffer reputational, competitive or business harm, be subject to loss of our intellectual property, incur significant costs and be subject to government investigations, breach notification laws, litigation, fines or damages, which could have an adverse effect on our business, prospects, results of operations, financial condition and cash flows. A breach of our social media accounts may cause us to lose access to those accounts, which could affect our sales and marketing strategies, our reputation and our brand. A security incident could require that we expend significant additional resources on remediation, restoration and enhancement of our information technology. Moreover, our cyber insurance **, or the insurance policies of our service providers and vendors,** may not be adequate to cover all costs and liabilities related to these incidents, and the occurrence of any security incident may impact our ability to obtain future coverage. Our processing of personal information **and other sensitive data** could give rise to significant costs and liabilities, which may have an adverse effect on our reputation, business, financial condition and results of operations. Evolving state, federal and foreign laws, regulations and industry standards regarding privacy and security apply to our collection, use, retention, protection, disclosure, transfer and other processing of certain types of data, including with respect to our customers, employees, suppliers and others. For example, the E. U.' s GDPR, as well as the U. K. GDPR and the U. K. Data Protection Act 2018, impose a strict data protection compliance regime and potentially substantial fines for breaches and violations. In the U. S., **there are** many states are considering adopting

or have already adopted privacy, security and data breach notification laws or regulations **at the federal, state and local levels**. These laws, regulations and standards may be interpreted and applied differently over time and from jurisdiction to jurisdiction. Our inability to comply with such **laws mandates** or to quickly adapt our practices to reflect them as they develop could subject us to significant fines, penalties, damages, liabilities or reputational harm, which could have a material adverse effect on our business, prospects, results of operations, financial condition and cash flows.

Risks Related to Intellectual Property Matters

Our efforts to register ~~and~~ **maintain and protect** our intellectual property rights may not be sufficient to protect our business. Our patents and trademarks are essential to our business ~~and~~. **Though** we also rely on our unpatented proprietary technology, trade secrets, processes and know-how. We generally seek to **register** protect our patents, trademarks and other proprietary information through a combination of patent, trademark, copyright and trade secret laws, as well as by confidentiality, non-disclosure and assignment of invention agreements with our employees, contractors, collaborators, vendors, consultants, advisors and other third parties. Despite these measures, any of our intellectual property rights could ~~by filing for patents, patent applications and trademark registrations and applications, we may not be issued any registration, or our registration may~~ be challenged ~~or~~ invalidated ~~circumvented or misappropriated~~. **In addition** This could involve significant expense ~~potentially hinder or limit use of our intellectual property rights, or potentially result in the inability to use the intellectual property rights in question. If an alternative cost-effective solution were not available, there may be an adverse effect on our financial position and performance. Further, because of the differences in foreign trademark, patent and other laws concerning proprietary rights and~~ our intellectual property rights may not receive the same degree of protection in certain foreign jurisdictions as they would in the U. S. The legal systems of certain countries do not favor or may not be sufficiently robust for the meaningful enforcement **practices impact our ability** of intellectual property rights. While we seek to protect our intellectual property rights uniformly in the markets where we intend to sell our products ~~or~~. **If** we cannot ensure **do not adequately maintain our intellectual property, it can result in an irrevocable loss of rights, which could result in our competitors being able to use our technologies, names, brands or the goodwill** that we **have acquired** will be able to do so in **the marketplace** all jurisdictions. Enforcing our ~~or erode or negate~~ intellectual property rights can be expensive and time-consuming, and an adverse result in any proceeding **competitive advantages we may have, which** could **harm** put our intellectual property rights at risk of being invalidated or **our business** narrowed in scope of coverage. Patent and trademark challenges increase our costs to develop, engineer and market our products. We may not have adequate resources to enforce our intellectual property rights. In addition, our ability to enforce our intellectual property rights depends on our ability to detect infringement, and it is difficult to detect infringers who do not advertise the components that are used in their products. Moreover, it may be difficult or **For example** impossible to obtain evidence of infringement in a competitor's or potential competitor's product. We may not prevail in any disputes that we initiate, and the damages or other remedies awarded, if we were to prevail, may not be commercially meaningful. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of dispute. Pending **pending** and future patent applications to protect our products or which effectively prevent others from commercializing competitive technologies and products may not be approved or result in patents being issued. Moreover, the scope of coverage claimed in a patent application can be significantly reduced during prosecution before the patent is issued. Even once issued, the scope, validity, enforceability and commercial value of patent rights are uncertain, and our patents may not be of sufficient scope or strength to provide meaningful protection or commercial advantage and may not preclude competitors from developing products similar to ours. **In addition** Any of our patents or pending patent applications may be challenged, narrowed, circumvented or invalidated by third parties. While **while** we have registered or applied to register many of our trademarks, trade names and brand names to distinguish our products from those of our competitors in the United States and in the foreign countries in which we operate, we cannot ensure that our trademark applications will be approved uniformly across all jurisdictions. **Third parties may also oppose our trademark..... recognition in our markets of interest.** If we are unable to successfully register our trademarks and trade names and establish name recognition based on our trademarks, trade names and trade dress, we may not be able to compete effectively, and our business may be adversely affected. Third parties may also oppose our trademark applications or otherwise challenge our use of the trademarks. **If** ~~in the event that~~ our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to **advertising and** marketing new brands. We rely on our unpatented proprietary technology, and ~~it is possible that~~ others will **may** independently develop the same or similar technology or otherwise obtain access to our unpatented technology. Although we generally seek to protect our ~~unpatented proprietary technology and our trade secrets, processes and know-how~~ by confidentiality, non-disclosure and assignment of invention agreements with our employees, contractors, collaborators, vendors, consultants and advisors, these agreements may not provide meaningful protection in the event of unauthorized use or disclosure of **our such proprietary technology, trade secrets, processes or know-how**. If we do not adequately maintain **Our efforts to enforce and otherwise protect** our intellectual property **against infringers may not be successful. Enforcing our intellectual property rights can be expensive and time-consuming**, it ~~and can~~ **an adverse** result in ~~loss any proceeding could put our intellectual property rights at risk of rights being~~ **invalidated or narrowed in scope of coverage**. Loss of rights may be irrevocable. ~~For~~ **In addition, our ability to enforce our intellectual property rights depends on our ability to detect infringement, and it is difficult to detect infringers who do not advertise the components that are used in their products. Moreover, it may be difficult or impossible to obtain evidence of infringement in a competitors- competitor's or potential competitor's product. We may not prevail in any disputes that we initiate, and the damages or other remedies awarded, if we were to prevail, may not be commercially meaningful. Competitors** or other third parties have in the past, and may in the future, adopt trade names, trade dress (including packaging designs and label designs), design patents or industrial designs, trademarks or domain names that are confusingly similar to ours. These competitors or third parties may also market certain of their brands or products as a purported

replacement or “ dupe ” of our brand or products, thereby impeding our ability to build brand identity, possibly leading to market confusion and potentially requiring us to pursue legal action . ~~In addition, we have received, and in the future may receive, trade name or trademark infringement claims brought by owners of other registered trademarks, or trademarks that incorporate variations of our unregistered trademarks or trade names, and any such claims could result in injunctive relief against us that could prevent us from using certain trademarks and trade names.~~ Our efforts to enforce or protect our trademarks, trade names and domain names may be ineffective, may impact the public perception of our brand, may be expensive, may divert our resources and, if a third party brings counterclaims against us in connection with such enforcement actions, could result in payment by us of monetary damages or injunctive relief, all of which could adversely impact our financial condition or results of operations. Third parties may allege that we are infringing, misappropriating or otherwise violating their intellectual property rights, which could involve substantial costs and adversely impact our business. Third parties have alleged, and in the future may allege, that our products infringe, misappropriate or otherwise violate their intellectual property rights, and we may become involved in litigation or other disputes relating to intellectual property used in our business. Any such claims, even those without merit, can be expensive and time- consuming to defend and may divert management’ s attention and resources, and an adverse result in any proceeding could put our ability to produce and sell our products in jeopardy. We may be required to expend significant amounts of resources to defend against claims of infringement, pay significant money damages, cease using certain processes, technologies, or other intellectual property, cease making, offering and selling certain products, obtain a license (which may not be available on commercially reasonable terms or at all) or redesign our brand, our products or our packaging, which could be costly and time- consuming. In addition, we may be unaware of third- party intellectual property that covers or otherwise relates to some or all of our products. Because of technological changes in our industry, current patent coverage and the rapid rate of issuance of new patents, our current or future products may unknowingly infringe, misappropriate or otherwise violate existing, pending or future patents or intellectual property rights of other parties. The defense costs and settlements for intellectual property infringement lawsuits may not be covered by insurance, and such lawsuits can take years to resolve. Even if resolved in our favor, the volume of intellectual property- related claims and the mere specter of threatened litigation or other legal proceedings may cause us to incur significant expenses and could distract our personnel from day- to- day responsibilities. The direct and indirect costs of addressing these actual and threatened disputes may have an adverse effect on our operations, reputation and financial performance. We may be subject to claims that our employees, contractors, collaborators, vendors, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property. Third parties may allege wrongful use or disclosure of their alleged intellectual property or make claims challenging the inventorship or ownership of our intellectual property. We may be subject to claims that we or our employees, contractors, collaborators, vendors, consultants and advisors have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual’ s current or former employer. In addition, we may face claims by third parties that our agreements with employees obligating them to assign intellectual property to us are ineffective or in conflict with prior or competing contractual obligations of assignment, which could result in ownership disputes regarding intellectual property we have developed or will develop and may interfere with our ability to capture the commercial value of such intellectual property. If we do not successfully resolve an ownership dispute, we may be precluded from using certain intellectual property or may lose our exclusive rights in such intellectual property. It is not always possible to identify and deter misconduct by employees, contractors, collaborators, vendors, consultants and advisors, and the precautions we take to detect and prevent this type of activity may not be effective in controlling unknown or unmanaged risks or losses. Any of these outcomes could harm our business and competitive position. Risks Related to Legal and Regulatory Matters Disputes and other legal or regulatory proceedings could adversely affect our financial results. From time to time, we may become involved in litigation, other disputes or regulatory proceedings in connection with or incidental to our business, including litigation related to intellectual property, regulatory matters, contract, advertising, product- related and other consumer claims. In general, claims made by us or against us in litigation, disputes or other proceedings can be expensive and time consuming to bring or defend against and could result in settlements, injunctions or damages that could significantly affect our business. It is not possible to predict the final resolution of the litigation, disputes or proceedings to which we currently are or may in the future become party to. Regardless of the final resolution, such proceedings may have an adverse effect on our reputation, brand, financial condition and business, including by utilizing our resources and potentially diverting the attention of our management from the operation of our business. See “ **Legal Proceedings** ” included in **Part I, Item 3 of this Annual Report** . ~~Legal Proceedings~~ **Our insurance policies may not cover any or all of the financial losses resulting from any such disruptions and the broader damage to our reputation that such disruptions may cause .**” Our business is subject to federal, state and international laws, regulations and policies that could have an adverse effect on our business, prospects, results of operations, financial condition and cash flows. Our business is subject to numerous laws, regulations and policies in the jurisdictions in which we operate. Many of these laws and regulations have a high level of subjectivity, are subject to interpretation, and vary significantly from market to market. These laws and regulations can have several impacts on our business, including: • delaying or prohibiting the sale of a product or ingredient in one or more markets; • limiting our ability to import products into a market; • incurring delays and expenses associated with compliance, such as record keeping, documentation of the properties of certain products, labeling, **packaging**, and scientific substantiation; • limiting labeling and marketing claims we can make regarding our products; and • limiting the substances that can be included in our products, resulting in product reformulations or the recall and discontinuation of certain products that cannot be reformulated to comply with new regulations. These events could interrupt the marketing and sale of our products, cause us to be subject to product liability claims, severely damage our brand reputation and image in the marketplace, increase the cost of our products, cause us to fail to meet customer expectations or prevent us from delivering products in sufficient quantities or sufficient quality, which could result in lost sales. Before we can market and sell our products in certain jurisdictions, the applicable local governmental

authority may require evidence of the safety of our products, which may include testing of individual ingredients at relevant levels. In particular, ~~because Bis- amino is our proprietary ingredient ingredients are~~, it typically is not a pre- approved ingredient for use in products in specific jurisdictions, and we have been required in the past, and may be required in the future, to perform testing and provide other data and information to governmental authorities prior to the sale of our products in the jurisdiction. Our international distributors are primarily responsible for registering ingredients and obtaining any approvals necessary to sell our products in the applicable territory, and any failure by them to do so could decrease sales of our products and harm our reputation. Additional laws, regulations and policies, and changes or new interpretation or enforcement thereof, that affect our business could adversely affect our financial results. These include accounting standards, laws and regulations relating to tax matters, trade, data privacy and data security, anti- corruption, advertising, marketing, manufacturing, distribution, customs matters, product registration, ingredients, chemicals, packaging, selective distribution, environmental and climate change matters. We have been required, and may in the future be required, to reformulate certain of our products in specific jurisdictions. For example, we reformulated a product in 2021 as a result of regulation changes in the European Union. In addition, we **have been and from time to time** may be required to discontinue or revise our product packaging or labeling as a result of national or international legal or regulatory changes or determinations, new information regarding ingredients or for other reasons. Delays in or prohibition of selling our products, or the need to reformulate the ingredients used in **our products, relabel, or repackage** our products, could result in, among other things, increased costs to us, excess and / or obsolete inventory, delays in our product launches, loss of consumer confidence in the quality of our products, harm to our brand and reputation, product returns or recalls and lower net sales, and therefore could have an adverse effect on our business, prospects, results of operations, financial condition and cash flows . **Noncompliance with applicable laws or regulations could result in enforcement action by regulatory authorities within or outside the United States, including but not limited to product seizures, injunctions, product recalls and criminal or civil monetary penalties, any of which could have a material adverse effect on our business, financial condition and results of operations** . Government regulations relating to the marketing and advertising of our products may restrict, inhibit or delay our ability to sell our products and harm our business. A variety of federal, state and foreign government authorities regulate the advertising and promotion of our products and the marketing claims we can make regarding their properties and benefits, including in the U. S., the FDA, the FTC and state consumer protection agencies. These regulations can apply not only to ~~the our~~ actions and statements ~~of our company~~ and **those of our** employees, but also to those of our brand ambassadors and ~~advocates~~ **influencers** . There is a degree of subjectivity in determining whether a labeling or marketing claim is appropriate under applicable standards, and government agencies could take enforcement action against us for our advertising and promotion practices or determine that the research and development efforts we undertake to support our claims are inadequate for any particular product or claim, which could require us to modify our product claims or result in fines. We have received, and in the future may receive, complaints regarding our marketing claims, and we have been, and may in the future be, subject to class action or false or misleading advertising lawsuits with respect to our marketing claims. Any government inquiry into the regulatory status of our products and any related interruption in the marketing and sales of our products or any lawsuit related to our marketing claims could damage our reputation and brand and have an adverse effect on our business, prospects, results of operations, financial condition and cash flows. If our products are not manufactured in compliance with applicable regulations, do not meet quality standards or otherwise result in adverse health effects in consumers, we could be subject to reputational harm, remediation costs or regulatory enforcement. We rely on third parties to manufacture our products in compliance with applicable law and other quality standards, including the FDA' s recommendations for cosmetic GMPs. Compliance with these standards can increase the cost of manufacturing our products as we work with our vendors to ensure they are qualified and in compliance. If we or our contract manufacturers fail to comply with these standards, it could lead to customer complaints, adverse events, product withdrawal or recall or increase the likelihood that our products are adulterated or misbranded, any of which could result in negative publicity, remediation costs or regulatory enforcement that could impact our ability to continue selling certain products. Problems associated with product recalls could be exacerbated due to the global nature of our business because a recall in one jurisdiction could lead to recalls in other jurisdictions. Government reviews, inquiries, investigations and actions could harm our business. The regulatory environment in various jurisdictions where our business operates is evolving, and government officials often exercise broad discretion in deciding how to interpret and apply applicable regulations. We have received and from time to time may receive formal and informal inquiries from various government regulatory authorities or self- regulatory organizations about our business and compliance with local laws, regulations or standards. Any determination that our operations or activities, or the activities of our employees, are not in compliance with existing laws, regulations or standards could, among other things, result in the imposition of substantial fines, civil and criminal penalties, interruptions of business, loss of supplier, vendor or other third- party relationships, termination of necessary licenses and permits, modification of business practices and compliance programs and equitable remedies, including disgorgement, injunctive relief, and other sanctions or similar results, all of which could potentially harm our business. Even if these reviews, inquiries, investigations and actions do not result in any adverse determinations, they could create negative publicity, which could harm our business and give rise to third- party litigation or action. Our employees, contractors, customers, consultants, suppliers and other business partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements. We are exposed to the risk that our employees, contractors, customers, consultants, suppliers and other business partners may engage in fraudulent or illegal activity. Misconduct by these parties could include intentional, reckless or negligent conduct or failure to disclose unauthorized activities to us that violate, among other things: (i) the rules of the applicable regulatory bodies; (ii) manufacturing standards; (iii) data privacy and security laws; (iv) the U. S. Foreign Corrupt Practices Act, U. K. Bribery Act and other anti- corruption , **trade sanctions and export control** laws; or (v) laws that require the true, complete and accurate reporting of financial information or data. We sell our products in many parts of the world that are recognized as having governmental and

commercial corruption and where, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. It is not always possible to identify and deter misconduct by our employees and third parties, and the precautions we take to detect and prevent these activities may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to **comply** with such laws or regulations. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant fines or other sanctions, including the imposition of civil, criminal and administrative penalties and oversight obligations. **Investigations into potential violations of** Furthermore, if we believe or have reason to believe that our employees or agents have or may have violated applicable anti-corruption laws, we may be required to investigate. Any such actions or investigations can be expensive and time-consuming to defend and may divert management's attention and resources. Risks Related to Our Indebtedness Our significant indebtedness could adversely affect our financial condition. Our significant indebtedness, when combined with our other financial obligations and contractual commitments, could have important consequences, including: • requiring us to dedicate a significant portion of our cash flows from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, selling and marketing efforts, product development and other purposes; • increasing our vulnerability to adverse economic and industry conditions, which could place us at a competitive disadvantage compared to our competitors that have relatively less indebtedness; • limiting our flexibility in planning for, or reacting to, changes in our business and industry; • increasing our exposure to rising interest rates because certain of our borrowings are at variable interest rates; • restricting us from making strategic acquisitions or causing us to make non-strategic divestitures; and • limiting our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions, product development and other purposes. **The** Although the terms of the agreements governing relating to our indebtedness contain restrictions on the incurrence of **limit but do not prohibit our ability to incur additional debt. We may increase our levels** indebtedness, such restrictions are subject to a number of **debt** important exceptions, and indebtedness incurred in **the future to finance our operations or in connection** with **acquisitions** such restrictions could be substantial. If we **and increase** our **total** restricted subsidiaries incur significant additional indebtedness, **our debt service obligations will increase, and we will become more exposed to** the related risks that **arising from our substantial level of indebtedness as we face could increase become more leveraged**. We may be unable to generate sufficient cash flow to service our debt obligations. Our business may not generate sufficient cash flow from operating activities to service our debt obligations. Our ability to make payments on and to refinance our debt and to fund planned capital expenditures depends on our ability to generate cash in the future. To some extent, this is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If we are unable to generate sufficient cash flow from operations to service our debt and meet our other commitments, including under the Tax Receivable Agreement, we may need to refinance all or a portion of our debt or raise additional debt or equity capital. We may not be able to affect any of these actions on a timely basis, on commercially reasonable terms or at all, and these actions may not be sufficient to meet our debt service and Tax Receivable Agreement requirements. **In** If we incur **additional debt or raise equity through the issuance of capital stock**, the terms of **the** our existing or future **debt agreements or capital stock issued** may restrict us from pursuing any of **give the holders rights, preferences and privileges senior to these those alternatives of holders of our common stock, particularly in the event of liquidation. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of holders of our common stock will be diluted. To the extent that we raise additional debt, the terms of the debt may also impose additional and more stringent restrictions on our operations than we currently have**, which may adversely affect our business, financial condition and results of operations. **Unfavorable changes in the ratings that rating agencies assign to our debt, including any additional debt, may negatively impact our access to the debt capital markets and increase the costs we incur to borrow funds. If we are unable to raise additional capital when needed, our financial condition could be adversely affected**. The terms of our indebtedness restrict our current and future operations, particularly our ability to respond to change or to take certain actions. The agreements governing our outstanding indebtedness contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including, among other things, restrictions on our ability to: • incur additional indebtedness **and make guarantees**; • create liens on assets; • declare or pay **certain** dividends and other distributions; • make **certain** investments, loans, guarantees or advances; • consolidate, amalgamate, merge, sell or otherwise dispose of all or substantially all of our assets; • enter into **certain** transactions with our affiliates; and • exceed certain **secured** leverage ratios. These restrictions could impede our ability to operate our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities. Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial tests and ratios. A breach of such covenants could result in an event of default **after the lapse of any applicable cure or notice periods, and such an event of default may allow our creditors to accelerate the related debt** unless we obtain a waiver **for to avoid** such default. **An event of** If we are unable to obtain a waiver, such a default may **also cause** allow our **creditors to accelerate the related debt and may result in** the acceleration of, or default under, any other debt to which a cross-acceleration or cross-default provision applies. In the event our **lenders creditors** accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. Because our operations are conducted through our subsidiaries, we are dependent on the receipt of distributions and dividends or other payments from our subsidiaries for cash to fund our operations and expenses, including payments under the Tax Receivable Agreement and future dividend payments, if any. Our operations are conducted through our subsidiaries. As a result, our ability to make payments under our Tax Receivable Agreement and future dividend payments, if any, is dependent on the earnings of our subsidiaries and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Payments to us

by our subsidiaries will be contingent upon our subsidiaries' earnings and other business considerations and may be subject to statutory or contractual restrictions. We do not expect to declare or pay dividends on our common stock for the foreseeable future; however, if we determine in the future to pay dividends on our common stock, the agreements governing our outstanding indebtedness significantly restrict the ability of our subsidiaries to pay dividends or otherwise transfer assets to us. ~~We may be able to incur significant additional debt, which would increase the risks described herein. We may also require additional capital, which may not be available on acceptable terms, if at all, and may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our technologies or product candidates. We may increase our levels of debt in the future to finance our operations or in connection with acquisitions. We regularly consider market conditions and our ability to incur indebtedness to either refinance existing indebtedness or for working capital. The agreements relating to our indebtedness limit but do not prohibit our ability to incur additional debt. If we increase our total indebtedness, our debt service obligations will increase. We will become more exposed to the risks arising from our substantial level of indebtedness as described above as we become more leveraged. If our cash flow from operations is less than we anticipate, if our cash requirements are more than we expect, or if we intend to finance acquisitions, we may require more financing. However, debt or equity financing may not be available to us on acceptable terms, if at all. If we incur additional debt or raise equity through the issuance of capital stock, the terms of the debt or capital stock issued may give the holders rights, preferences and privileges senior to those of holders of our common stock, particularly in the event of liquidation. The terms of the debt may also impose additional and more stringent restrictions on our operations than we currently have. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of holders of our common stock will be diluted. If we are unable to raise additional capital when needed, our financial condition could be adversely affected. Unfavorable changes in the ratings that rating agencies assign to our debt may ultimately negatively impact our access to the debt capital markets and increase the costs we incur to borrow funds.~~ Risks Related to Ownership of Our Common Stock Our stock price may be volatile, and the value of our stock may decline. An active or liquid market in our common stock may not be sustained, and in the absence of an active trading market for our common stock, investors may not be able to resell any shares they hold at or above the price at which they purchased their shares, or at all. **Volatility in** In addition, the stock market in general **impacts the** has been highly volatile **volatility of**. As a result, the market price of our common stock is likely to be similarly volatile, and investors in our common stock may experience a decrease, which could be substantial, in the value of their stock and could lose part or all of their investment. The price of our common stock could be subject to wide fluctuations in response to a number of factors, including factors described elsewhere in this Annual Report, many of which are beyond our control or unrelated to our specific performance or prospects, **and investors in our common stock may experience a decrease, which could be substantial, in the value of their stock and could lose part or all of their investment**. Furthermore, the market price of our common stock may also decline if we fail to meet analysts' projections or guidance that we give to the market. Securities class action litigation has often been initiated against companies following periods of volatility in their stock price or substantial declines following a company's failure to meet guidance or estimates, as has been the case with us. **On In** November 17, 2022, a putative securities class action was filed against us and certain of our current and former officers and directors. The action is being brought on behalf of a putative class of purchasers of our common stock in or traceable to our IPO and asserts claims under Sections 11, 12 and 15 of the Securities Act of 1933, as amended (the "Securities Act"). The action seeks certification of the putative class, compensatory damages, attorneys' fees and costs, and any other relief that the court determines is appropriate. For more information, see "**Legal Proceedings**" included in Part I, Item 3 **of this Annual Report**. **Legal Proceedings.**" This litigation, derivative litigation and other similar types of litigation could result in substantial costs and divert our management's attention and resources and could require us to make a substantial payment to satisfy judgments or to settle such litigation. Investment funds affiliated with Advent International, L. P. (the "Advent Funds") beneficially own a significant percentage of our common stock and have significant influence over us. As of December 31, 2023-2024, entities affiliated with the Advent Funds beneficially owned approximately 75.72% of our outstanding common stock. In addition, three members of our Board of Directors are employed by affiliates of the Advent Funds. For as long as affiliates of the Advent Funds continue to beneficially own a substantial percentage of the voting power of our outstanding common stock, they will continue to have significant influence over us. For example, they will be able to strongly influence or effectively control the election of all of the members of our Board of Directors and our business and affairs, including any determinations with respect to mergers or other business combinations, the acquisition or disposition of assets, the incurrence of additional indebtedness, the issuance of any additional shares of common stock or other equity securities, the repurchase or redemption of shares of our common stock and the payment of dividends. This concentration of ownership may have the effect of deterring investment in our common stock and may reduce the trading volume of our public float. Our restated certificate of incorporation provides that we will waive any interest or expectancy in corporate opportunities presented to the Advent Funds or members of our Board of Directors who are affiliated with the Advent Funds. Our restated certificate of incorporation (the "Certificate of Incorporation") provides that the Advent Funds and the members of our Board of Directors who are affiliated with the Advent Funds are not required to offer us any corporate opportunity of which they become aware and can take any such corporate opportunity for themselves or offer it to other companies in which they have an investment. We, by the terms of our Certificate of Incorporation, expressly renounce any interest or expectancy in any such corporate opportunity to the extent permitted under applicable law, even if the opportunity is one that we or our subsidiaries might reasonably have pursued or had the ability or desire to pursue if granted the opportunity to do so. The Advent Funds may have interests that differ from our investors' interests. The Advent Funds are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The Tax Receivable Agreement with our Pre- IPO Stockholders requires us to make cash payments to them and exposes us to certain risks. In connection with the IPO, we entered into a Tax Receivable Agreement, under which generally we are required to pay to our Pre- IPO Stockholders 85 % of the amount of cash savings, if any, in U. S. federal, state or local

income tax that we or our subsidiaries realize (or are deemed to realize in certain circumstances) as a result of the utilization of the Pre- IPO Tax Assets (as defined herein) and the making of payments under the Tax Receivable Agreement. If we did not enter into the Tax Receivable Agreement, we would be entitled to realize the full economic benefit of the Pre- IPO Tax Assets. Consequently, stockholders other than the Pre- IPO Stockholders will only be entitled to the economic benefit of the Pre- IPO Tax Assets to the extent of our continuing 15 % interest in those assets. These payment obligations are our obligations and not obligations of any of our subsidiaries and are not conditioned upon the Pre- IPO Stockholders maintaining a continued direct or indirect ownership interest in us. While many of the factors that will determine the amount of payments that we will make under the Tax Receivable Agreement are outside of our control, we expect that the payments we will make under the Tax Receivable Agreement will be substantial. We currently expect that future payments under the Tax Receivable Agreement relating to the Pre- IPO Tax Assets could aggregate to \$ ~~198-189.2~~ **189.2** million ~~over the 12-year remaining period~~, **with payments expected to continue through 2041. Our payment obligations** under the Tax Receivable Agreement **are**. ~~However, the tax liability is~~ calculated based on current tax laws and the assumption that we and our subsidiaries earn sufficient taxable income to realize the full tax benefits subject to the Tax Receivable Agreement. Updates to our blended state tax rate, allocation of U. S. versus foreign sourced income and changes in tax rules on the amortization and depreciation of assets may significantly impact **our payment obligations under the Tax Receivable Agreement and any changes to our established tax liability and changes resulting from such impact** would be recorded to other (expense) income in the period we made the determination. In addition, we are subject to a number of additional risks pursuant to our obligations under the Tax Receivable Agreement, including: additional tax benefits arising from the Tax Receivable Agreement may result in higher amounts due under the agreement; payments under the Tax Receivable Agreement may exceed tax savings that we realize; certain transactions could cause us to recognize taxable income without a receipt of cash even though we would still be required to make payments under the Tax Receivable Agreement; Pre- IPO Stockholders may have interests that differ from or are in addition to those of our other stockholders; our payment obligations would accelerate upon the occurrence of certain events; and our obligations under the Tax Receivable Agreement could deter a potential acquirer of the Company from seeking such an acquisition. Further, because we are a holding company, our ability to make payments under the Tax Receivable Agreement is dependent on the ability of our subsidiaries to make distributions to us, and we may be unable to timely make payments under the Tax Receivable Agreement due to limitations on distributions under the terms of the 2022 Credit Agreement to which one or more of our subsidiaries are a party. These risks, if realized, could have a material adverse effect on our financial condition. The Tax Receivable Agreement is filed as exhibit 10. 3 to the Annual Report filed on Form 10- K for the fiscal year ended December 31, 2021 as filed with the Securities and Exchange Commission on March 8, 2022. The foregoing description of the Tax Receivable Agreement is qualified by reference thereto. There may be sales of a substantial amount of our common stock, and these sales could cause the price of our common stock to fall. Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could cause the market price of our common stock to decline and could impair our ability to raise capital through the sale of additional equity securities. As of December 31, ~~2023~~ **2024**, the Advent Funds held 75. ~~7~~ **2** % of our total shares outstanding. The Advent Funds may require us to register shares of our common stock held by them for resale under the federal securities laws. Any such sales or anticipation thereof, including the filing of a registration statement relating to such shares, could cause the market price of our common stock to decline. In addition, as of December 31, ~~2023~~ **2024**, we had options to purchase an aggregate of ~~15~~ **11**. 8 million shares of common stock outstanding. We have filed ~~a~~ Form S- 8 registration ~~statement~~ **statements** to register shares that we may issue pursuant to our equity incentive plans, including all of the shares underlying options currently outstanding, which ~~permits~~ **permit** the resale of such shares by non- affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144. Any sales by the Advent Funds, by Company insiders including directors or officers, or of shares issued upon the exercise of stock options could cause the market price of our common stock to decline, potentially substantially, depending upon the volume and timing of such sales. In addition, short sales or hedging transactions involving our equity securities, whether or not we believe them to be prohibited, could also adversely affect the price of our common stock. Delaware law and provisions in our Certificate of Incorporation and second amended and restated bylaws could make a merger, tender offer or proxy contest more difficult, limit attempts by our stockholders to replace or remove our current management and depress the market price of our common stock. In addition to the Advent Funds' beneficial ownership of a substantial percentage of our common stock, provisions in our Certificate of Incorporation and second amended and restated bylaws (the " Bylaws ") and Delaware law could make it harder for a third party to acquire us, even if doing so might be beneficial to our stockholders, and for stockholders to elect directors that are not nominated by the current members of our Board of Directors or take other corporate actions, including effecting changes in our management. These provisions include a classified board of directors and the ability of our Board of Directors to issue preferred stock without stockholder approval that could be used to dilute a potential hostile acquirer. Our Certificate of Incorporation also imposes some restrictions on mergers and other business combinations between us and any holder of 15 % or more of our outstanding common stock other than the Advent Funds. As a result, stockholders may lose their ability to sell their stock for a price in excess of the prevailing market price due to these protective measures, and efforts by stockholders to change the direction or management of the company may be unsuccessful. We are a " controlled company " within the meaning of the corporate governance standards of The Nasdaq Stock Market LLC (" Nasdaq "). As a result, we qualify for, and rely on, exemptions from certain corporate governance standards. The Advent Funds collectively control a majority of the voting power of shares eligible to vote in the election of our directors. Because more than 50 % of the voting power in the election of our directors is held by an individual, group or another company, we are a " controlled company " within the meaning of the Nasdaq corporate governance standards. As a controlled company, we may elect not to comply with certain corporate governance requirements, including the requirements that ~~➤~~ **(i)** a majority of our Board of Directors consists of " independent directors, " as defined under the Nasdaq corporate governance standards; ~~➤~~ **(ii)** our Board of Directors has a

compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and ~~(iii)~~ our Board of Directors has a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities. We rely on these exemptions and therefore do not expect that the majority of our directors will be independent or that the compensation and nominating and corporate governance committees of our Board of Directors will consist entirely of independent directors. Accordingly, investors will not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq corporate governance requirements. ~~If securities or industry analysts cease to publish research, or publish inaccurate or unfavorable research, about our business, the price of our common stock and trading volume could decline. The trading market for our common stock is influenced in part by the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If industry analysts cease coverage of us, downgrade our common stock or publish inaccurate or unfavorable research about our business, our common stock price could decline.~~ We do not intend to pay dividends for the foreseeable future. We intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends to holders of our common stock in the foreseeable future. Moreover, the terms of the Tax Receivable Agreement and our 2022 Credit Agreement restrict our ability to pay dividends, and any additional debt we may incur in the future may include similar restrictions. Any determination to pay dividends in the future will be at the discretion of our Board of Directors. Accordingly, stockholders must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Our Certificate of Incorporation designates specific courts as the sole and exclusive forum for certain claims or causes of action that may be brought by our stockholders, which could discourage lawsuits against us and our directors and officers. Our Certificate of Incorporation provides that (A), subject to limited exceptions, the Court of Chancery of the State of Delaware (or, if, and only if, the Court of Chancery of the State of Delaware dismisses a **Covered claim** ~~claim~~ (as defined below) for lack of subject matter jurisdiction, any other state or federal court in the State of Delaware that does have subject matter jurisdiction) will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the following types of claims: (i) any derivative claim brought in the right of the Company, (ii) any claim asserting a breach of a fiduciary duty to the Company or the Company's stockholders owed by any current or former director, officer or other employee or stockholder of the Company, (iii) any claim against the Company arising pursuant to any provision of the Delaware General Corporation Law, our Certificate of Incorporation or Bylaws, (iv) any claim to interpret, apply, enforce or determine the validity of our Certificate of Incorporation or our Bylaws, (v) any claim against the Company governed by the internal affairs doctrine, and (vi) any other claim, not subject to exclusive federal jurisdiction and not asserting a cause of action arising under the Securities Act, brought in any action asserting one or more of the claims specified in clauses (A) (i) through (v) herein above; and (B) the federal district courts of the U. S. will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. This provision would not apply to claims brought to enforce a duty or liability created by the Exchange Act. Any person or entity purchasing or otherwise acquiring any interest in the shares of capital stock of the Company will be deemed to have notice of and consented to these choice of forum provisions and waived any argument relating to the inconvenience of the forums. The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provisions contained in our Certificate of Incorporation to be inapplicable or unenforceable in respect to an action brought against us, we may incur additional costs associated with resolving such action in such other jurisdictions. General Risks A general economic downturn or disruption in business conditions may affect our business, including consumer purchases of discretionary items and the financial strength of our customers and consumers, which could adversely affect our financial condition and results of operations. The general level of consumer spending is affected by a number of factors, including general economic conditions, inflation, interest rates, energy costs and consumer confidence generally, all of which are beyond our control. Consumer purchases of discretionary items tend to decline **, and consumers may be more selective regarding discretionary purchases,** during recessionary periods, periods of high inflation and otherwise weak economic environments, when disposable income is lower, which may impact sales of our products. The U. S. **has recently** experienced **rising high** interest rates and **heightened** inflationary pressures **during 2022 and 2023**, which we believe led to a shift in consumer spending habits and confidence and adversely affected our business. As global economic conditions continue to be volatile and economic uncertainty remains, **including with respect to evolving trade policies and rising tariffs,** trends in consumer discretionary spending also ~~remains~~ **remain** unpredictable and ~~subject to reductions due to credit constraints and uncertainties about the future, among other factors~~. A further weakening in the global macro- environment may lead to additional pressure on consumer demand and customer inventory reductions. We may extend credit to a customer based on an evaluation of its financial condition, usually without requiring collateral. However, the financial difficulties of a customer could cause us to curtail or eliminate business with them. We may also assume more credit risk relating to the receivables from that customer. Our inability to collect receivables from our largest customers or from a group of customers would have an adverse effect on our business. If any of our customers were to liquidate, we would incur additional costs if we choose to purchase the customer's inventory of our products to protect brand equity. Disruptions in local or global business conditions from events such as pandemics or other health issues, geo- political or local conflicts, supply chain disruptions, political developments, civil unrest, terrorist attacks, adverse weather conditions, climate changes or seismic events can have a short- term and, sometimes, long- term impact on consumer spending, which in turn could adversely affect our business, financial condition and results of operations. Moreover, a downturn in the economies of, or continuing weak economic environments in, the countries where we sell our products or a disruption of business conditions in those countries could adversely affect consumer confidence, the financial strength of our distributors and retailers and, in turn, our sales and profitability. Volatility in the financial markets and a

related economic downturn in key markets or markets generally throughout the world have had, and in the future could have, an adverse effect on our business. We may need or choose to seek additional financing to operate or expand our business, and deterioration in global financial markets or an adverse change in our credit ratings could make future financing difficult or more expensive. Our quarterly results of operations may fluctuate, and if our operating and financial performance in any given period does not meet the guidance that we have provided to the public or the expectations of our investors and securities analysts, the trading price of our common stock may decline. Our quarterly results of operations may fluctuate for a variety of reasons, including those described elsewhere in this “ Risk Factors ” section, many of which are beyond our control. Our quarterly results may fall below the guidance that we have provided to the public or the expectations of our investors and securities analysts, which has caused and, in the future, may cause us to reissue our guidance or the trading price of our common stock to decline. In addition, our quarterly results of operations have varied historically, and they may vary in the future. Therefore, period- to- period comparisons of our results of operations may not be meaningful. Investors should not rely on the results of one quarter as an indication of future performance.

. Impairment of our goodwill and other intangible assets would result in a reduction in net income. We have a significant amount of goodwill, trademarks and other intangible assets, as well as other long- lived assets, on our consolidated balance sheet, which are periodically evaluated for impairment in accordance with current accounting standards. Under generally accepted accounting principles, long- lived assets are required to be reviewed for impairment whenever adverse events or changes in circumstances indicate a possible impairment. Events and circumstances that could lead to an impairment charge include macroeconomic industry and market conditions, significant adverse shifts in our operating environment or the manner in which an asset is used, pending litigation or other regulatory matters, decline in our stock price, higher cost of capital, declines in actual and expected consumer consumption and demands, and current or forecasted reductions in net sales, operating income or cash flows associated with the use of an asset. Impairment charges reduce net income and can have an adverse effect on our business, results of operations or financial condition. For additional information regarding goodwill and other intangible assets, see Note 2, “ Summary of Significant Accounting Policies — Goodwill and Intangible Assets ” and Note 7, “ Goodwill and Intangible Assets, ” to the Consolidated Financial Statements included herein. For a further discussion of our impairment testing, please refer to “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates — Goodwill ”.

We could be subject to changes in our tax rates, the adoption of new U. S. or international tax legislation or exposure to additional tax liabilities, which could have a material and adverse effect on our operating results, cash flows and financial condition. We are subject to income taxes in the U. S. and the U. K., where our subsidiary Olaplex UK Limited is organized. Tax laws, regulations, administrative practices and interpretations in the U. S. or other jurisdictions may be subject to change, with or without notice, due to economic, political and other conditions, which may materially affect our operating results and financial conditions. As a result, significant judgment is required in evaluating and estimating our provision for income taxes. Our future effective tax rates could be affected by numerous factors, such as intercompany transactions, changes in our business operations, acquisitions and dispositions, entry into new markets, the amount of our earnings and where earned, losses incurred in jurisdictions, the inability to realize tax benefits, changes in foreign currency exchange rates, changes in our stock price, uncertain tax positions, allocation and apportionment of state taxes, changes in our deferred tax assets and liabilities and their valuation. In addition, as a U. S. company doing business internationally, we may be subject to additional obligations to collect and remit indirect taxes, and we may be subject to tax liability for past sales, which could harm our business. State, local and foreign jurisdictions have differing rules and regulations governing sales, use, value added, goods and services, and other taxes, and these rules and regulations are subject to varying interpretations that may change over time. As a result, we **have faced, and in the future** could face the possibility of tax assessments and audits, and our liability for these taxes and associated penalties could exceed our original estimates. A successful assertion that we should be collecting additional sales, use, value added, goods and services or other taxes in those jurisdictions where we have not historically done so and do not accrue for such taxes could result in substantial tax liabilities and related penalties for past sales. We are also subject to examination by tax authorities, including state revenue agencies and foreign governments. While we regularly assess the likelihood of favorable or unfavorable outcomes resulting from examinations by tax authorities to determine the adequacy of our tax accruals, the actual outcome resulting from these examinations may materially affect our operating results and financial condition. Our business could be negatively impacted by corporate citizenship and sustainability matters. There is an increased focus from certain investors, customers, consumers, employees and other stakeholders concerning corporate citizenship and sustainability matters, ~~including a desire for increased and enhanced public disclosure on such matters by companies~~. If our corporate citizenship and sustainability practices do not meet stakeholder expectations and standards, which continue to evolve, our brand and reputation may be negatively impacted, which may affect our sales and financial condition. From time to time, we may announce certain initiatives or goals regarding these matters or determine to release public disclosure with respect thereof. We could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could fail in accurately or adequately reporting our progress on such initiatives and goals. In addition, we could be criticized for the scope of such initiatives or goals or be perceived as not acting responsibly in connection with these **matters, including as the result of changing international, federal and state legal, regulatory and political environments and market perceptions of corporate citizenship and sustainability** matters. Adverse incidents related to corporate citizenship and sustainability matters could have an adverse effect on our business. ~~If we pursue acquisitions~~ **Acquisitions, such acquisitions joint ventures or strategic investments** may expose us to additional risks. We may review acquisition ~~and~~ **joint venture or** strategic investment opportunities to expand our current **technology portfolio,** product offerings ~~and or~~ distribution channels, increase the size and geographic scope of our operations or otherwise offer growth and operating efficiency opportunities. The pursuit of such opportunities may divert the attention of management and cause us to incur various costs and expenses ~~in identifying, investigating and pursuing suitable opportunities,~~ ~~whether or not they~~ **the transactions** are consummated. ~~We may~~ There can

be no ~~not~~ assurance that we will be able to identify suitable candidates, ~~or~~ consummate these transactions on favorable terms. ~~The businesses or assets we may acquire may not meet our business needs or expectations. The assumptions we use to evaluate acquisition opportunities may prove to be inaccurate, and intended benefits may not be realized or take longer to be realized. In addition, due diligence investigations may fail to identify all of the liabilities or other challenges associated with an acquired business or assets, which could result in unanticipated or unknown issues or liabilities. We may not be able to integrate acquisitions successfully into our existing business, successfully commercialize technology that we acquire, maintain the key business relationships of businesses we acquire, or retain key personnel of an acquired business. Our failure to successfully complete the integrate integration of any acquired business or assets or to achieve the long- term plan for such acquisitions, as well as any other adverse consequences associated with our acquisition and investment activities, could have an adverse effect on our business. Integration also may require management resources that otherwise would be available for ongoing development of our existing business. If required, the financing for these transactions could result in an increase in our indebtedness, dilute the interests of our stockholders or both. In addition, the purchase price for some acquisitions or joint venture interests may include additional amounts to be paid in the future, a portion of which may be contingent on the achievement of certain future operating results of the acquired businesses-- business or joint venture.~~ We may not achieve the anticipated benefits of any such opportunities. We are dependent on entities performing outsourced functions. As part of our long- term strategy, we outsource certain functions or parts of functions that can be performed more effectively by external service providers. These include certain information technology, e- commerce, logistics, finance and human resource functions. The failure of one or more entities to provide the expected services on a timely basis, at the prices we expect and in compliance with our performance standards and expectations, including with respect to data privacy and security, may have an adverse effect on our business. In addition, any transition of systems to a new external service provider could have an adverse effect on our business. Our business and results of operations could be adversely affected by natural disasters, public health crises, political crises or other catastrophic events. Our finished products are primarily manufactured and fulfilled by companies located in Southern California, an area which has a history of earthquakes, ~~wildfires, floods and droughts are thus vulnerable to damage.~~ Natural disasters, such as earthquakes, wildfires, ~~floods, droughts~~, hurricanes, tornadoes, floods and other adverse weather and climate conditions; unforeseen public health crises, such as epidemics and pandemics; political crises, such as terrorist attacks, war and other political instability, including the current conflicts between Russia and Ukraine and in the Middle East; or other catastrophic events and any supply chain disruptions resulting therefrom, whether occurring in the U. S. or internationally, could disrupt our operations or the operations of one or more of our third- party providers or vendors. In particular, these types of events could impact our supply chain, including the ability of third parties to manufacture and ship product components and ship finished products to customers and consumers from or to the impacted region. In addition, these types of events could negatively impact consumer spending in the impacted regions. ~~There is uncertainty regarding the future impacts of any lingering effects of the COVID- 19 pandemic, and any such impacts on our cash flow, business, financial condition, results of operations and prospects cannot be predicted and are generally outside our control.~~ To the extent any of these events occur, our business, financial condition and results of operations could be adversely affected. If we fail to maintain effective internal control over financial reporting and effective disclosure controls and procedures, we may not be able to accurately report our financial results in a timely manner or prevent fraud, which may adversely affect investor confidence in ~~our the company Company~~. Pursuant to Section 404 of the Sarbanes- Oxley Act of 2002, as amended, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting in each annual report on Form 10- K. This assessment includes disclosure of any material weakness identified by our management or our independent registered public accounting firm in our internal control over financial reporting. In addition, we are required to comply with the SEC' s rules implementing Section 302 of the Sarbanes- Oxley Act, which requires management to certify financial and other information in our quarterly and annual reports, and we are required to disclose significant changes made in our internal control over financial reporting on a quarterly basis. To comply with these requirements, we may need to undertake various actions and to develop, implement and test additional processes and other controls. Testing and maintaining internal controls can divert our management' s attention from other matters related to the operation of our business. If we fail to maintain proper and effective internal controls, or are unable to comply with the requirements of Section 404 of the Sarbanes- Oxley Act in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting in future periods, our ability to produce accurate and timely financial statements could be impaired and investors may lose confidence in the accuracy and completeness of our financial reports, which could harm our operating results, harm our ability to operate our business and reduce the trading price of our stock. We may be liable for the failure of our PEOs to comply with their obligations under applicable law. We utilize the services of PEOs to support certain of our employment and employee benefits functions. Under the terms of our arrangements, the PEOs are the employer of record for our ~~U. S.~~ personnel and, depending on the jurisdiction, may be responsible for administering payroll, including tax withholding, and providing health insurance or other employee benefits to our employees. If any of our PEOs fails to comply with applicable laws or its obligations under its agreement with us, we could be liable for such violations. The indemnification provisions of our agreements with the PEOs, if applicable, may not be sufficient to insulate us from those liabilities. For example, we could, under certain circumstances, be held liable for a failure by any of our PEOs to pay employer- side taxes arising from payments to our employees or a failure by a PEO to withhold and remit employee- side taxes arising from such payments. We also could, under certain circumstances, be held liable for a failure by a PEO to appropriately pay our employees. In such a case, our potential liability could be significant and adversely affect our business. Furthermore, if any of our PEOs does not efficiently administer our employee benefits, our relationship with our employees could be damaged.

