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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

LESLIE LILIEN, Individually and on Behalf of All Others Similarly Situated,

Plaintiff,

v.

OLAPLEX HOLDINGS, INC., et al.,

Defendants.

Case No. 2:22-cv-08395-SVW(SKx)

CLASS ACTION

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF LEAD PLAINTIFF'S UNOPPOSED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT

Hearing Date: September 8, 2025
Time: 1:30 p.m.
Courtroom: 10A
Judge: Hon. Stephen V. Wilson

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PRELIMINARY STATEMENT

Court-appointed Lead Plaintiff Arkansas Teacher Retirement System ("ATRS" or "Lead Plaintiff"), on behalf of itself and all other members of the Settlement Class,[1] submits this memorandum of law in support of its unopposed motion for preliminary approval of the proposed Settlement reached in the above-captioned class action (the "Action"), preliminary certification of the Settlement Class defined as all persons and entities that purchased or otherwise acquired Olaplex Holdings, Inc. publicly traded common stock on or before November 12, 2021 pursuant and/or traceable to the Registration Statement or Prospectus (together, the "Offering Documents") for Olaplex's IPO, and who were allegedly damaged thereby,[2] and other related relief. If approved, the Settlement will provide a recovery of $47,500,000 to resolve the claims in the Action, and related claims, against Defendants, the Underwriters, the Selling Stockholders, and their related parties. The terms of the proposed Settlement are set forth in the Stipulation and Agreement of Settlement, dated August 1, 2025, filed herewith.

The Settlement is the result of vigorous arm's-length negotiations, based upon extensive litigation efforts after consultation with experienced legal counsel, providing a favorable recovery that falls well within the range of approval, and is likely to meet all of the approval factors required by Federal Rule of Civil Procedure 23(e) ("Rule 23") and Ninth Circuit precedent. If the Court grants preliminary approval, Plaintiff will provide notice of the Settlement to potential Settlement Class Members. A final approval hearing (the "Settlement Hearing") will then be conducted so that the Parties and Settlement Class Members may present arguments and evidence for (or against) the Settlement, and the Court will then make a final

[1] All capitalized terms used in this memorandum that are not defined have the same meanings as in the Stipulation and Agreement of Settlement, dated August 1, 2025 (the "Stipulation"), which is filed herewith as Exhibit 1 to the Declaration of Lauren A. Ormsbee ("Ormsbee Decl."), dated August 1, 2025.

[2] Certain persons and entities are excluded from the Settlement Class by definition, as set forth in the Stipulation.

determination as to whether the Settlement is fair, reasonable, and adequate. The Court will also be asked to approve the proposed Plan of Allocation for distributing the proceeds of the Settlement and to consider Lead Counsel's Fee and Expense Application.

The proposed Preliminary Approval Order, filed herewith, has been negotiated by the Parties and will, among other things: (i) preliminarily approve the Settlement; (ii) for purposes of the Settlement only, preliminarily certify the Settlement Class; (iii) approve the proposed long-form Notice of Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses ("Notice"), Proof of Claim and Release Form ("Claim Form"), Postcard, and the Summary Notice of Pendency and Proposed Settlement of Class Action and Motion for Attorneys' Fees and Expenses ("Summary Notice"), attached as Exhibits A-1 through A-4 to the proposed Preliminary Approval Order, as well as the methods of notice; (iv) set a date and time for the final Settlement Hearing; (v) appoint Epiq Class Action & Claims Solutions ("Epiq") as the Claims Administrator to provide all notices, process Claim Forms, and to administer the Settlement; and (vi) grant such other and further relief as the Court may deem fair and proper.

A. Overview of the Litigation

On November 17, 2022, the initial complaint was filed in this Court asserting violations of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act") for alleged misstatements and omissions in the Offering Documents for Olaplex's IPO. ECF No. 1. By Order dated February 27, 2023, the Court appointed ATRS as Lead Plaintiff and approved its selection of Labaton Sucharow LLP (n/k/a Labaton Keller Sucharow LLP) ("Labaton") as Lead Counsel and Glancy Prongay & Murray LLP as Liaison Counsel. ECF No. 59.

On April 28, 2023, Plaintiff filed a detailed Consolidated Class Action Complaint for Violations of the Securities Laws (ECF No. 72) asserting claims for violations of the Securities Act against Defendants, and added claims against the

Underwriters, and the Selling Stockholders. In particular, the April 28, 2023 amended complaint alleged that the IPO Offering Documents contained material misstatements or omissions. On June 22, 2023, Plaintiff filed its operative Revised Consolidated Class Action Complaint for Violations of the Federal Securities Laws (the "Complaint," ECF No. 123).

Thereafter, Plaintiff and Lead Counsel opposed Defendants' motions to dismiss the Complaint. On February 7, 2025, following two oral arguments, the Court issued an order granting in part, and denying in part, defendants' motions to dismiss the Complaint. ECF No. 171 (the "MTD Order"). Specifically, the MTD Order dismissed claims against the Underwriters and the Selling Stockholders, finding those claims time-barred, and dismissed certain misstatements made by Defendants alleged to be false and misleading. *Id.* at 21-28, 34-37. The MTD Order denied the motion with respect to two separate allegedly false and misleading risk factor statements concerning the potential impact of laws and regulations on Olaplex's business and risks related to product safety (*id.* at 12-21), as well as to omissions of material information allegedly required to be disclosed concerning risks to Olaplex (*id.* at 28-31).

Discovery in the Action commenced in March 2025. The Parties conducted extensive fact discovery that included the review of approximately 50,000 documents (approximately 408,000 pages) from Defendants; approximately 400 documents (approximately 40,000 pages) from Plaintiff; and approximately 400 documents from third parties (approximately 4,600 pages). In total, approximately 51,000 documents (approximately 452,000 pages) were produced by the Parties. The Parties took or defended a total of four depositions, consisting of one Individual Defendant, two Rule 30(b)(6) witnesses and one expert, with additional depositions scheduled at the time of settlement.

On May 30, 2025, Lead Plaintiff filed its Class Certification Motion, which was accompanied by a report from Lead Plaintiff's expert on common damages

methodologies. ECF No. 199-3. On June 20, 2025, Defendants opposed the Class Certification Motion, (ECF Nos. 202-204), and their brief was accompanied by an expert report opining that the proposed class definition should be narrowed to only those who purchased publicly traded Olaplex common stock from the date of the IPO through November 12, 2021, based on the argument that on November 12, 2021, non-IPO shares were deposited into the market, commingling with and becoming indistinguishable from the IPO shares. ECF No. 203-1. On June 27, 2025, Lead Plaintiff filed its reply in further support of its Class Certification Motion, attaching an expert report opposing and responding to Defendants' expert testimony on the traceability of shares after November 12, 2021. ECF No. 210-2.

B. Settlement Discussions

The Parties began exploring the possibility of a settlement in April 2025, agreeing to engage in private mediation and retaining David Murphy of Phillips ADR Enterprises to act as the mediator in the case (the "Mediator"). On June 19, 2025, counsel for the Parties participated in a full-day mediation session before Mr. Murphy. In advance of that session, the Parties exchanged and submitted detailed confidential mediation statements. The session ended without any agreement being reached.

During the mediation and thereafter, the Parties weighed the risks and benefits of settlement, including the risks that Defendants' traceability arguments raised in opposition to the Class Certification Motion would be adopted by the Court. The Parties continued discussions with the Mediator following the mediation to further explore the possibility of a settlement. On June 28, 2025, the Mediator issued a mediator's recommendation to the Parties, and on July 1, 2025, the Parties accepted the recommendation and reached a settlement in principle to resolve all claims in this Action on a class-wide basis for $47,500,000 in cash.

On July 7, 2025, the Court convened a Status Conference following the Parties filing a notice of settlement, and informed the Parties that it was strongly

inclined to only certify a settlement class that was limited to investors that purchased or otherwise acquired Olaplex's common stock pursuant and/or traceable to the Offering Documents through November 12, 2021, due to concerns regarding traceability after this date. *See* Tr. of Status Conference 6:3-7, Ormsbee Decl. Ex. 2.

A Term Sheet was executed by the Parties as of July 26, 2025, and the Stipulation was executed on August 1, 2025.

C. Terms of the Proposed Settlement

Pursuant to the Settlement, Defendants have agreed to pay, or cause the payment of, $47.5 million in cash. *See* Stipulation at ¶ 6. The Settlement Amount, plus accrued interest, after the deduction of Court-awarded attorneys' fees and Litigation Expenses, Notice and Administration Expenses, Taxes, and any other costs or fees approved by the Court (the "Net Settlement Fund"), will be distributed to Settlement Class Members who submit timely and valid Claims, in accordance with a plan of allocation approved by the Court. *See id*. at ¶¶ 1(v), 9-10. The Settlement is not a claims-made settlement and there is no reversion. *See id*. at ¶ 12. If approved, Defendants and/or any other Person(s) funding the Settlement Amount on a Defendants' behalf will have no right to the return of the Settlement Fund, or any portion thereof, for any reason. *Id*.

In exchange for the payment of the Settlement Amount, upon the Effective Date of the Settlement, Lead Plaintiff and each and every other Settlement Class Member will release and dismiss the "Released Plaintiffs' Claims" against the "Released Defendant Parties." *See* Stipulation at ¶¶ 1(ee), 1(hh), 4. The definition of Released Plaintiffs' Claims has been tailored to provide Defendants and the other Released Defendant Parties with "complete peace," while being limited to claims that were raised, or could have been raised, by the Settlement Class, arising out of both the facts and matters in the Action and transactions in Olaplex's common stock

pursuant and traceable to the Offering Documents. *See* Stipulation at ¶ 1(hh).[3] The Settlement does not release related derivative cases.

Pursuant to Rule 23(e)(3), the only agreements made by the Parties in connection with the Settlement are the Term Sheet, the Stipulation, and a Confidential Supplemental Agreement Regarding Requests for Exclusion, dated August 1, 2025, concerning the circumstances under which Olaplex may terminate the Settlement based upon the number of exclusion requests. *See* Stipulation at ¶ 41. It is standard to keep such agreements confidential so that a large investor, or a group of investors, cannot intentionally try to leverage a better recovery for themselves by threatening to opt out, at the expense of the class. The Supplemental Agreement can be provided to the Court *in camera* or under seal.

After approval of the Settlement and the Plan of Allocation, the proposed Claims Administrator will process all claims received and will calculate their value according to the plan of allocation approved by the Court. At the completion of the administration, the Claims Administrator will distribute the Net Settlement Fund to eligible claimants and will continue to do so as long as it is economically feasible to make distributions. *See* Stipulation at ¶¶ 22-33. As discussed further below, when it is no longer feasible to make additional distributions, Lead Plaintiff proposes that the unclaimed balance be contributed to Consumer Federation of America ("CFA"), a non-profit, non-sectarian organization, or such other *cy pres* recipient approved by the Court. *See id*. at ¶ 27.

D. Proposed Schedule of Events

Lead Plaintiff respectfully proposes the following schedule for Settlement-related events, each of which is in the proposed Preliminary Approval Order:

Deadline for commencing mailing of Postcards	***10 business days after entry of the Preliminary Approval Order (the "Notice Date")***

[3] Defendants are also releasing any claims that they could have asserted against any of the Released Plaintiff Parties arising out of the institution, prosecution, or settlement of the claims in the Action. *See* Stipulation at ¶¶ 1(ff), 5.

Deadline for publication of Summary Notice in *The Wall Street Journal* and transmission over *PR Newswire*	***Within 14 calendar days of the Notice Date***
Deadline for filing motions in support of the Settlement, the Plan of Allocation, and Lead Counsel's Fee and Expense Request	***No later than 35 calendar days before the Settlement Hearing***
Deadline for filing reply papers in further support of Lead Plaintiff's and Lead Counsel's motions	***No later than seven calendar days before the Settlement Hearing***
Deadline for submission of Claim Forms	***Postmarked or received no later than seven calendar days before the Settlement Hearing***
Settlement Hearing	***At the Court's convenience, but no fewer than 90 calendar days after entry of the Preliminary Approval Order***

This schedule is similar to those used and approved by numerous courts in securities class action settlements and complies with the Ninth Circuit's ruling in *In re Mercury Interactive Corp. Sec. Litig.*, 618 F.3d 988, 993 (9th Cir. 2010) (fee motion must be made available before the objection deadline).

ARGUMENT

I. THE SETTLEMENT MERITS PRELIMINARY APPROVAL

As a matter of public policy, settlement is strongly favored for resolving disputes, especially in complex class actions. *See, e.g.*, *In re Syncor ERISA Litig.*, 516 F.3d 1095, 1101 (9th Cir. 2008). Rule 23 requires court approval for any class action settlement. A district court's review of a proposed class action settlement is a two-step process. First, the court performs a review of the terms of the proposed settlement to determine whether to send notice to the class. *See* Rule 23(e)(1). Second, after notice and a hearing, the Court determines whether to grant final approval of the settlement. *See* Rule 23(e)(2). A court may grant preliminary approval of a settlement upon a finding that it "will likely be able to" approve the settlement as fair, reasonable, and adequate at the final hearing, and certify a class.

See Rule 23(e)(1)(B).[4] By this motion, Lead Plaintiff requests that the Court take this first step: preliminary approval of the Settlement.

Rule 23(e)(2) provides that a court may approve a settlement as fair, adequate, and reasonable after considering whether:

> (A) the class representatives and class counsel have adequately represented the class;
> (B) the proposal was negotiated at arm's length;
> (C) the relief provided for the class is adequate, taking into account:
> (i) the costs, risks, and delay of trial and appeal;
> (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims;
> (iii) the terms of any proposed award of attorney's fees, including timing of payment; and
> (iv) any agreement required to be identified under Rule 23(e)(3); and
> (D) the proposal treats class members equitably relative to each other.

Applying the standards set forth above, it is respectfully submitted that the Settlement should be preliminarily approved.

A. Preliminary Certification of Settlement Class

As part of the Settlement, Lead Plaintiff respectfully requests that the Court preliminarily certify the proposed Settlement Class, as defined in ¶1(ll) of the Stipulation. The Parties have further stipulated to the appointment of Lead Plaintiff as class representative and Labaton as class counsel. Courts have acknowledged the propriety of certifying a class solely for purposes of a class action settlement. *See Amchem Prods., Inc. v. Windsor*, 521 U.S. 591, 620 (1997). In the Ninth Circuit, "Rule 23 is to be liberally construed in a securities fraud context because class

[4] Rule 23(e)(1) effectively codifies prior case law, which provided that courts should grant preliminary approval after considering whether the settlement: "(1) appears to be the product of serious, informed, non-collusive negotiations; (2) has no obvious deficiencies; (3) does not grant improper preferential treatment to class representatives or other segments of the class; and (4) falls within the range of possible approval." *Perez v. Juul Labs, Inc.*, 2022 WL 307942, at *6 (N.D. Cal. Feb. 2, 2022).

actions are particularly effective in serving as private policing weapons against corporate wrongdoing." *In re Cooper Cos. Sec. Litig*., 254 F.R.D. 628, 642 (C.D. Cal. 2009).

A settlement class, like other certified classes, must satisfy the requirements of Rule 23(a) and (b). *See Hanlon v. Chrysler Corp*., 150 F.3d 1011, 1022 (9th Cir. 1998). However, the manageability concerns of Rule 23(b)(3) are not at issue for a settlement class. *See Amchem Prods*., 521 U.S. at 593 ("Whether trial would present intractable management problems . . . is not a consideration when settlement-only certification is requested…."). In the interest of brevity, the Court is respectfully referred to Lead Plaintiff's previously filed motion for class certification for a complete recitation of the arguments supporting class certification. *See* ECF Nos. 199, 210. In summary, pursuant to Rule 23(a): (i) the Settlement Class is so numerous that joinder of all members would be impracticable (ECF No. 199-1 at 8-9); (ii) there are questions of law or fact common to the Settlement Class (*id*. at 9-10); (iii) the claims or defenses of Lead Plaintiff are typical of the claims or defenses of the Settlement Class (*id*. at 10-12); and (iv) Lead Plaintiff and Lead Counsel will fairly and adequately protect the interests of the Settlement Class (*id*. at 12-14, 20).

Rule 23(b)(3) authorizes class certification if "the court finds that the questions of law or fact common to class members predominate over any questions affecting only individual members, and that a class action is superior to other available methods for fairly and efficiently adjudicating the controversy." The proposed Settlement Class meets this standard: (i) common questions of both fact and law predominate (ECF No. 199-1 at 14-18, 210); and (ii) a class action would be superior to other methods for the fair and efficient adjudication of the claims (ECF No. 199-1 at 18-20). As noted above and in the Stipulation, in light of Defendants' predominance arguments related to traceability of class member purchases of Olaplex common stock after November 12, 2021 (ECF No. 202, at 15-19), and the Court's July 7, 2025 admonition that it would be unlikely to certify a

settlement class that included purchases after November 12, 2021, *see* Ex. 2, the Settlement Class includes purchases from the time of the IPO through November 12, 2021 only.

For the foregoing reasons, Lead Plaintiff respectfully requests that the Court preliminarily certify the Settlement Class for purposes of the proposed Settlement.

B. The Class Has Been Adequately Represented

Lead Plaintiff has vigorously litigated the claims in the Action and the Settlement was achieved only after diligent arm's-length mediated negotiations between counsel with considerable knowledge and expertise in the field of federal securities law. Lead Plaintiff and Lead Counsel developed a deep understanding of the facts of the case and merits of the claims by, *inter alia*: (1) conducting an extensive investigation; (2) drafting a detailed amended complaint; (3) responding to four extensive motions to dismiss; (4) briefing the Class Certification Motion; (5) serving two expert reports in connection with class certification; (6) researching, drafting, propounding, and responding to discovery requests; (7) serving subpoenas on at least 13 persons or entities for documents and/or testimony; (8) reviewing hundreds of thousands of pages produced in discovery; (9) taking or defending four depositions and preparing for the imminent scheduled depositions of 16 individuals, including the Individual Defendants; (10) litigating discovery disputes; (11) reviewing Defendants' privilege log that contained approximately 6,000 entries; (12) consulting with experts in the fields of negative causation, damages, tracing, director due diligence, reformulation, and corporate brand reputation and image; and (13) exchanging extensive mediation briefing and participating in a mediation.

Lead Plaintiff is a sophisticated institutional investor that has played an active role in the litigation. Specifically, ATRS has, among other things, monitored the progress of the litigation and has regularly conferred with Lead Counsel concerning the prosecution of the Action; reviewed periodic updates and other correspondence from counsel, including significant pleadings, briefs, and court orders; responded

to the discovery demands propounded by Defendants, including written interrogatories, and produced responsive documents in connection with those demands; sat for a deposition; and attended the June 19, 2025 mediation. Moreover, through counsel, Plaintiff participated in the ongoing negotiations to achieve a settlement. With an informed understanding, Lead Plaintiff agreed to the Settlement.

Lead Plaintiff has had the benefit of the advice of knowledgeable counsel well-versed in securities class actions. Labaton is highly experienced and has a long and successful track record in such cases. *See* Ex. 3 (firm resume). Labaton has served as lead counsel in a number of successful matters. *See, e.g.*, *In re Am. Int'l Grp., Inc. Sec. Litig.*, No. 04-cv-08141 (S.D.N.Y.) ($1 billion recovery); *In re Countrywide Sec. Litig.*, No. 07-cv-05295 (C.D. Cal.) ($600 million recovery); *Boston Ret. Sys. v. Uber Techs., Inc.*, Case No. 3:19-cv-06361-RS (N.D. Cal.) (settlement of $200 million); *In re The Honest Company, Inc. Sec. Litig.*, No. 21-cv-07405-MCS (C.D. Cal.) ($27,500,000).

Courts give considerable weight to the opinion of experienced and informed counsel. *See, e.g.*, *In re City of Redondo Beach FLSA Litig.,* 2021 WL 1010631, at *4 (C.D. Cal. Mar. 16, 2021) ("[C]ourts consider "[t]he opinion of experienced counsel as to the fairness and reasonability of a settlement[, which] carries 'considerable weight' in determining whether a settlement should be approved.") (citation omitted).

C. The Settlement Resulted from Good Faith, Arm's-Length Negotiations

Rule 23(e)(2)(B) asks whether "the [settlement] proposal was negotiated at arm's length." Courts have long recognized the importance of arm's-length negotiations. *See, e.g., Roberti v. OSI Sys., Inc.*, 2015 WL 8329916, at *3 (C.D. Cal. Dec. 8, 2015) ("The arms-length nature of the negotiation resulting in the proposed Settlement supports final approval.") "[T]he fact that the settlement was negotiated

at arm's length and reached after discovery renders the agreement presumptively fair." *In re Snap Inc. Sec. Litig.*, 2021 WL 667590, at *1 (C.D. Cal. Feb. 18, 2021). Courts have also reasoned that "one important factor [to consider] is that the parties reached the settlement … with a third-party mediator." *In re Banc of Cal. Sec. Litig.*, 2019 WL 6605884, at *2 (C.D. Cal. Dec. 4, 2019). Additionally, courts in the Ninth Circuit have found the fact that a settlement "is the result of a mediator's proposal in the context of a private mediation. . . supports the argument that [the agreement] is non-collusive." *LeFrano v. Loandepot, Inc.*, 2023 WL 12023569, at *11 (C.D. Cal. Dec. 8, 2023).

Here, the Settlement was achieved only after a mediation, overseen by an experienced third-party neutral. During the June 19, 2025 mediation, the parties vigorously asserted arguments concerning liability, traceability, and damages. The June 19, 2025 mediation session ended without any agreement being reached, but the Parties agreed to continue negotiations through the Mediator. On July 1, 2025, the Parties accepted the Mediator's proposal, subject to the negotiation of non-financial terms for the Settlement and Court approval. Accordingly, it is respectfully submitted that Settlement readily satisfies this factor.

D. The Relief Provided by the Settlement Is Adequate

1. Many Challenges to Obtaining a Recovery Remained

Although Lead Plaintiff and Lead Counsel believe that the claims asserted are strong, they recognize the significant challenges and risks they would face moving forward, as well as the expense and length of continued litigation through class certification, summary judgment motions, trial, and likely appeals.

For example, regarding the allegations of false and misleading statements and omissions in the Offering Documents, Defendants would have continued to argue that the disclosures within the Offering Documents, and discovery, showed that there were no false and misleading statements or omissions.

In particular, Defendants would likely argue that Lead Plaintiff could not

prove that Olaplex materially misled investors with regards to risk factor statements concerning the potential impact of laws and regulations on Olaplex's business and risks related to product safety. With regards to the first sustained risk factor statement, Defendants would likely argue that (i) at the time of the IPO, Olaplex had reformulated its No. 3 Product to remove the relevant ingredient in compliance with the EU ban's March 1, 2022 effective date; (ii) Olaplex insiders did not view the reformulation as a significant change; and (iii) the reformulation did not impact Olaplex sales or otherwise affected Olaplex's financial results prior to the IPO. With respect to the second sustained risk factor statement, as the Court observed in the MTD Order, "the study underlying the EU's conclusion explicitly found that the percentage of [the relevant ingredient subject to the EU's ban] in Olaplex's No. 3 hair care product, in isolation, was safe." MTD Order at 20.

Defendants also argued in opposition to the Class Certification Motion, and would have argued at summary judgment if unsuccessful at the class certification stage, that they had a complete "actual knowledge" affirmative defense to the claims on the grounds that reasonable investors, including class members, knew of the alleged truth at the time of their purchases and are therefore not entitled to recover under the Securities Act. Defendants argued, and would likely continue to argue, that prior to Olaplex's IPO, the EU's ban of the relevant ingredient was in the public record such that information regarding the EU ban could be found in public regulatory filings, scientific studies, product labels, and online sources, all of which were available to shareholders and the broader market. Defendants also argued, and would likely continue to argue, that the ingredients in Olaplex's No. 3 hair care product were also publicly available information. Olaplex's "actual knowledge" defense, if believed by the Court or a jury, could have ultimately resulted in no liability.

Each of the Individual Defendants would have raised a due diligence defense at summary judgment and trial, where they would have put forth well-qualified

experts showing that they conducted a reasonable investigation and had reasonable grounds for their actions. While Lead Plaintiff would have worked extensively with a due diligence expert to show that the Individual Defendants were negligent in connection with the IPO, this issue would have likely gone to a jury.

Finally, another principal challenge in continuing the litigation was the difficulty of overcoming Defendants' anticipated negative causation defense, particularly the "disaggregation" of confounding or unrelated information from the stock price declines. *See* 15 U.S.C § 77k(e). While Lead Plaintiff's consulting damages expert has estimated that maximum recoverable statutory damages for purchases of Olaplex common stock from the IPO through November 12, 2021, inclusive, were approximately $753 million, Defendants and their experts would have pursued several credible arguments that any recoverable damages should be much lower, if not zero because of negative causation (*i.e.*, the decline in stock price was caused by something other than the alleged misstatements or omissions).

In particular, Defendants would likely seek to establish that almost half of the class's statutory damages did not occur as the result of abnormal price declines resulting from the disclosure of information related to the sustained risk factor statements. According to Lead Plaintiff's consulting damages expert, damages based on only price declines allegedly related to the risk factor statements (on 2/28/22, 3/1/22, 3/3/22, 3/7/22, 3/8/22, 8/9/22, and 10/19/22) could have totaled approximately $390 million, half of Lead Plaintiff's expert's statutory damages figure.

Additionally, Defendants would likely have put forward additional negative causation arguments with respect to the price declines on each of these dates. For example, Defendants would likely argue that social media posts and press coverage about Olaplex's use of the ingredient at issue, the ingredient's potential safety risks, the EU ban on the ingredient, and the ingredients in the No. 3 product had been fully disclosed on February 28, 2022 and March 1, 2022, such that losses past March

1, 2022 could not be proven. If successful, this argument could have reduced maximum statutory damages to $96 million.

However, Defendants would have also likely further argued that, if limited to the February 28, 2022 and March 1, 2022 disclosure dates, Lead Plaintiff would have ***no recoverable damages*** because there were no statistically significant residual stock price declines on these dates. According to Lead Plaintiff's consulting damages expert, damages under this scenario using abnormal price declines could have been reduced to a maximum of $41.5 million. Accordingly, the Settlement recovers between approximately 6% and over 100% of potential aggregate damages.

The $47.5 million recovery is also fair and reasonable when considering the recovery in other securities class actions that settled in 2024 that, like this Action, alleged only Securities Act claims. *See* Laarni T. Bulan and Eric Tam, *Securities Class Action Settlements – 2024 Review and Analysis* (Cornerstone Research 2025), Ex. 4 at 8. It is also fair and reasonable when considering the recovery in class actions that allege only Securities Act claims, like this case, from 2015 to 2024. *Id*.

2. Effective Process for Distributing Relief to the Class

At the final Settlement Hearing, Lead Plaintiff will ask the Court to approve the proposed Plan of Allocation for distributing the proceeds of the Settlement to eligible claimants. The proposed plan, which is reported in the Notice, was drafted with the assistance of Lead Plaintiff's damages expert, is consistent with the statutory measure of damages under Section 11 of the Securities Act, and is a fair, reasonable, and adequate method for allocating the proceeds of the Settlement amongst eligible claimants. *See* Notice at ¶¶ 59-76.

Specifically, the Plan provides for the calculation of a "Recognized Loss Amount" for each share of Olaplex publicly traded common stock purchased or otherwise acquired pursuant and traceable to the Offering Documents through November 12, 2021, that is listed in the Claim Form and for which adequate

documentation is provided. The Claims Administrator will calculate claimants' total "Recognized Claims" using the transactional information provided in their Claim Forms, which can be mailed by the Claims Administrator, submitted online using the Settlement website, or, for large investors with hundreds of transactions, submitted via e-mail to the Claims Administrator's electronic filing team. Because most securities are held in "street name" by the brokers that buy them on behalf of clients, the Claims Administrator, Lead Counsel, and Defendants do not have Class Members' transactional data, and a claims process is required. Because the Settlement does not recover 100% of alleged damages, the Claims Administrator will determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's total "Recognized Claim" compared to the aggregate Recognized Claims of all Authorized Claimants.

Once the Claims Administrator has processed all submitted claims, notified claimants of deficiencies or ineligibility, processed responses, and made claim determinations, distributions will be made to Authorized Claimants in the form of checks and wire transfers. After an initial distribution of the Net Settlement Fund, if there is any balance remaining in the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund, at least six (6) months after the initial distribution of such funds, shall be re-distributed in an economical manner to Class Members who have cashed their initial distributions, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution and Taxes. Any balance that still remains in the Net Settlement Fund after re-distribution(s), which is not feasible or economical to reallocate, after payment of Notice and Administration Expenses, Taxes, and unpaid attorneys' fees and expenses, will be contributed to CFA, or such other *cy pres* recipient approved

by the Court.[5] *See* Stipulation at ¶ 27.

3. Anticipated Legal Fees and Expenses

In connection with seeking final approval of the Settlement, Lead Counsel will move, on behalf of itself and Liaison Counsel, for an award of attorneys' fees under the "common fund" doctrine of no more than 25% of the Settlement Fund and Litigation Expenses of no more than $875,000, plus accrued interest. The expense request may include an application, pursuant to the PSLRA, for the reasonable costs and expenses (including lost wages) of Lead Plaintiff directly related to its representation of the class in an amount not to exceed $20,000. The PSLRA provides that such an award may be made to "any representative party serving on behalf of a class." 15 U.S.C. § 77z-1(a)(4). The amount of the Fee and Expense Application is within the sole discretion of the Court. *See* Stipulation at ¶ 14.

In applying the percentage of the fund method, the Ninth Circuit has established 25% as a "benchmark" percentage. *See In re Apple Inc. Device Performance Litig.*, 2023 WL 2090981, at *12 (N.D. Cal. Feb. 17, 2023)(citing *Vizcaino v. Microsoft Corp.*, 290 F.3d 1043, 1047 (9th Cir. 2002) (awarding attorneys' fees of 28% of the settlement)). Fee awards of even 30%, or more, have been awarded in district courts throughout the Ninth Circuit in numerous common

[5] CFA is a non-profit, consumer advocacy organization established in 1968 to advance consumer interests through policy research, advocacy, and education. Provides reports and testimony to the judiciary, Congress, the White House, federal and state regulatory agencies, and state legislatures. *See* www.consumerfed.org. With respect to victims of financial fraud, CFA has an Investor Protection program and a newly established Investment Research Center that works nationwide to promote consumer-oriented policies that safeguard investors against fraud through: (i) the development of educational material for investors; (ii) drafting policies and legislation; (iii) and providing testimony and comments on legislation and regulations. www.consumerfed.org/issues /investor-protection. CFA has been approved in numerous securities cases, including *Hatamian v. Advanced Micro Devices, Inc,* No. 14-cv-00226 YGR (ND Cal), *In re Extreme Networks, Inc. Sec. Litig.*, Case No. 3:15-cv-04883-BLF (N.D. Cal.), *In re Broadcom Corp. Sec. Litig.*, No. 01-CV-00275-MLR (C.D. Cal.); and *In re Ubiquiti Networks, Inc. Sec. Litig.*, No. 12-cv-04677-YGR (N.D. Cal.).

fund settlements with comparable, and greater settlements (and many lesser ones). *See*, *e.g.*, *In re MacBook Keyboard Litig.*, 2023 WL 3688452, at *13-14 (N.D. Cal. May 25, 2023) (awarding 30% of $50 million settlement); *In re Silver Wheaton Corp. Sec. Litig.*, 2020 WL 4581642, at *4 (C.D. Cal. Aug. 6, 2020) (awarding 30% of $41.5 million settlement); *Fleming v. Impax Lab'y Inc.*, 2022 WL 2789496, at *9 (N.D. Cal. July 15, 2022) (awarding 30% of $33 million settlement); *In re Telescopes Antitrust Litig.*, 2025 WL 1093248, at *10 (N.D. Cal. Apr. 11, 2025) (awarding approximately 33.33% of $32 million settlement).

The factual support for Lead Counsel's fee and expense request will be detailed in its upcoming motion requesting fees and expenses.

E. Class Members Are Treated Equitably Relative to One Another

The Settlement does not improperly grant preferential treatment to either Lead Plaintiff or any segment of the Settlement Class. Rather, all members of the Settlement Class, including Lead Plaintiff, will receive a distribution from the Net Settlement Fund pursuant to the Plan of Allocation approved by the Court.[6] All Settlement Class Members that were allegedly harmed as a result of the alleged violations, and that submit an eligible claim pursuant to the Plan of Allocation, will receive their *pro rata* share of the Net Settlement Fund based on their "Recognized Claim" under the plan. *See generally* Notice at ¶¶ 59-76.

II. PROPOSED NOTICE PROGRAM SATISFIES RULE 23, DUE PROCESS, AND PSLRA REQUIREMENTS

A. Notice Procedures

Rule 23(c)(2)(B) requires notice of a settlement of a class action to be "the best notice that is practicable under the circumstances." It must be "reasonably

[6] Lead Plaintiff's request for reimbursement of its reasonable costs and expenses directly related to its representation of the class, noted above, would not constitute preferential treatment. *See* 15 U.S.C. § 77z-1(a)(4) (reimbursement of plaintiffs' costs explicitly contemplated by the PSLRA in addition to receiving their *pro rata* recovery).

calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections." *Mullane v. Cent. Hanover Bank & Tr. Co.,* 339 U.S. 306, 314 (1950). Notice must describe "the terms of the settlement in sufficient detail to alert those with adverse viewpoints to investigate and to come forward and be heard." *See, e.g.*, *Lane v. Facebook, Inc*., 696 F.3d 811, 826 (9th Cir. 2012).

Lead Counsel proposes to provide Settlement Class Members notice by: (i) individual first-class mailing of the Postcard to all Class Members who can reasonably be identified and located, using mailing records obtained from Olaplex's transfer agent, as well as information provided by third party banks, brokers, and other nominees about their customers; (ii) emailing of the Postcard (to the extent emails are provided to the Claims Administrator); (iii) publication of the Summary Notice in *The Wall Street Journal,* as well as dissemination of the Summary Notice on the internet using *PR Newswire*; and (iv) posting documents on a website established for the Settlement, from which copies of the Notice and Claim Form can be downloaded and claims can be completed using an online portal. *See* Exhibits A-1 to A-4 to the proposed Preliminary Approval Order. The Claims Administrator will also mail the Notice and Claim Form upon request. The Postcard Notice will provide key information regarding the Settlement and the rights of Class Members in connection therewith, and will direct recipients to the website for more detailed information. Numerous courts have approved similar notice programs. *See, e.g., In re Honest Co., Inc. Sec. Litig*., No. 21-CV-074405, slip op. at 7-8 (C.D. Cal. May 6, 2025) (ECF No. 311)*; Boston Ret. Sys. v. Uber Tech*., No. 19-cv-6361, slip op. at 5-8 (N.D. Cal. Aug. 9, 2024)(ECF No. 468).

Notice to the Settlement Class in this form and manner, as set forth in the proposed Preliminary Approval Order, will fulfill the requirements of due process, the Federal Rules of Civil Procedure, and the PSLRA.

B. Form and Substance of Proposed Notices

The notices are written in plain language and provide the relevant information and answers to most questions that Class Members will have. Consistent with Rules 23(c)(2)(B) and 23(e)(1), the forms of notice collectively describe, among other things, the nature of the Action; the definition of the Settlement Class; the terms of the Settlement; the maximum attorneys' fees and expenses that may be sought; the procedure for objecting; the procedures for submitting claims; the proposed Plan of Allocation; and the date and place of the Settlement Hearing. The long-form Notice also satisfies the PSLRA's separate disclosure requirements. *See* 15 U.S.C. § 77z-1.

C. Claims Administration

Lead Plaintiff requests that the Court appoint Epiq as the Claims Administrator to provide all notices approved by the Court, to process Claim Forms, and to administer the Settlement. Epiq is a recognized leader in legal administration services. Ex. 5. It has over 30 years of experience in class action administration in securities class action cases, as well as antitrust, mass tort, SEC enforcement actions, FTC disgorgement actions, and bankruptcies, including some of the largest securities settlements ever obtained.

CONCLUSION

Lead Plaintiff respectfully requests that the Court grant the Motion and enter the proposed Preliminary Approval Order, filed herewith.

Dated: August 1, 2025

LABATON KELLER SUCHAROW LLP

By: /s/ *Lauren A. Ormsbee*

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Certificate of Word Count Compliance

I, Court-appointed Lead Counsel, hereby certify that this memorandum of law contains 6,409 words, which complies with the word limit of L.R. 11-6.1.

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I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 1, 2025

/s/ *Lauren A. Ormsbee*
Lauren A. Ormsbee

CERTIFICATE OF SERVICE

I hereby certify that on August 1, 2025, I authorized the electronic filing of the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to all registered ECF participants only.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 1, 2025

/s/ *Lauren A. Ormsbee*
Lauren A. Ormsbee

Mailing Information for *Leslie Lilien v. Olaplex Holdings, Inc. et al.*, Case 2:22-CV-08395-SVW(SKX)

Electronic Mail Notice List:

The following are those who are currently on the list to receive e-mail notices for this case.

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