

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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 1, 2022

Waldencast Acquisition Corp.
(Exact name of registrant as specified in its charter)

| | | |
|---|---------------------------------------|---|
| Cayman Islands (State or other jurisdiction of incorporation) | 001-40207 (Commission File Number) | 98-1575727 (I.R.S. Employer Identification No.) |
|---|---------------------------------------|---|

| | |
|---|---------------------|
| 10 Bank Street, Suite 560 White Plains, NY (Address of principal executive offices) | 10606 (Zip Code) |
|---|---------------------|

(917) 546-6828
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Units, each consisting of one Class A ordinary share and one-third of one redeemable warrant | WALDU | The Nasdaq Stock Market LLC |
| Class A ordinary shares, par value \$0.0001 per share | WALD | The Nasdaq Stock Market LLC |
| Redeemable warrants, each whole warrant exercisable for one Class A ordinary share at an exercise price of \$11.50 | WALDW | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 7.01. Regulation FD Disclosure.

As previously disclosed, on November 15, 2021, Waldencast Acquisition Corp. (“Waldencast”) (i) entered into an Agreement and Plan of Merger (the “Obagi Merger Agreement”), by and among Waldencast, Obagi Merger Sub, Inc., a Cayman Islands exempted company limited by shares and an indirect wholly owned subsidiary of Waldencast, and Obagi Global Holdings Limited, a Cayman Islands exempted company limited by shares (“Obagi”) and (ii) entered into an Equity Purchase Agreement (the “Milk Equity Purchase Agreement” and together with the Obagi Merger Agreement, the “Transaction Agreements”), by and among Waldencast, Obagi Holdco 1 Limited, a limited company incorporated under the laws of Jersey (“Holdco Purchaser”), Waldencast Partners LP, a Cayman Islands exempted limited partnership (“Waldencast LP” and together with Holdco Purchaser, the “Purchasers”), Milk Makeup LLC, a Delaware limited liability company (“Milk”), certain members of Milk (the “Milk Members”), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as representative of Milk’s equityholders (the “Equityholder Representative”).

On July 1, 2022 Waldencast began meeting with certain analysts, and utilized certain slides prepared by Waldencast, Obagi and Milk, to discuss the Business Combination (as defined in the Transaction Agreements). A copy of such slides are attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated into this Item 7.01 by reference

The information in this Item 7.01 and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act, except as expressly set forth by specific reference in such filing.

Additional Information and Where to Find It

This communication relates to proposed transactions between Obagi and Waldencast and Milk and Waldencast. This communication is not a proxy statement or solicitation of a proxy, consent or authorization with respect to any securities or in respect of the potential transactions and shall not constitute an offer to sell or a solicitation of an offer to buy the securities of Obagi or Milk, the combined company or Waldencast, nor shall there be any sale of any such securities in any state or jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such state or jurisdiction. In connection with the proposed transactions, Waldencast filed a registration statement on Form F-4 with the SEC on February 14, 2022, as amended by Amendment No. 1 to the registration statement on Form F-4 filed with the SEC on March 4, 2022, Amendment No. 2 to the registration statement on Form F-4 filed with the SEC on March 18, 2022, Amendment No. 3 to the registration statement on Form F-4 filed with the SEC on April 27, 2022, Amendment No. 4 to the registration statement on Form F-4 filed with the SEC on May 13, 2022, Amendment No. 5 to the registration statement on Form F-4 filed with the SEC on June 16, 2022, and Amendment No. 6 to the registration statement on Form F-4 filed with the SEC on June 30, 2022, which includes a document that serves as a prospectus and proxy statement of Waldencast (the “proxy statement/prospectus”). The proxy statement/prospectus will be sent to all Waldencast shareholders. Waldencast also will file other documents regarding the proposed transactions with the SEC. This communication does not contain all the information that should be considered concerning the proposed transactions and is not intended to form the basis of any investment decision or any other decision in respect of the proposed transactions. Before making any voting decision, investors and security holders of Waldencast are urged to read the registration statement, the proxy statement/prospectus and all other relevant documents filed or that will be filed with the SEC in connection with the proposed transactions as they become available because they will contain important information about the proposed transactions.

Investors and security holders may obtain free copies of the registration statement, the proxy statement/prospectus and all other relevant documents filed or that will be filed with the SEC by Waldencast through the website maintained by the SEC at www.sec.gov.

The documents filed by Waldencast with the SEC also may be obtained free of charge at Waldencast’s website at <https://www.waldencast.com> or upon written request to 10 Bank Street, Suite 560, White Plains, NY 10606.

Participants in the Solicitation

Waldencast, Obagi, and Milk, and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from Waldencast's shareholders in connection with the proposed transaction. A list of the names of the directors and executive officers of Waldencast and information regarding their interests in the business combinations is set forth in Waldencast's registration statement on Form S-1 (File No. 333-253370) filed with the SEC on March 15, 2021. Additional information regarding the interests of such persons will be contained in the registration statement and the proxy statement/prospectus when available. You may obtain free copies of these documents as described in the preceding paragraph.

Forward-Looking Statements

This communication contains certain forward-looking statements within the meaning of the federal securities laws with respect to the proposed transactions among Obagi, Milk and Waldencast, including statements regarding the intended benefits of the transactions, the anticipated timing of the transactions and the growth strategies of Waldencast, Obagi and Milk. These forward-looking statements generally are identified by the words "estimates," "projects," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "would," "should," "future," "propose," "target," "goal," "objective," "outlook" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of Waldencast, Obagi, and Milk, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important factors, among others, that may affect actual results or outcomes include, but are not limited to: (i) the risk that the transactions may not be completed in a timely manner or at all, which may adversely affect the price of Waldencast's securities, (ii) the risk that Waldencast shareholder approval of the proposed transactions is not obtained, (iii) the inability to recognize the anticipated benefits of the proposed transactions, which may be affected by, among other things, the amount of funds available in Waldencast's trust account following any redemptions by Waldencast's shareholders, (iv) the failure to receive certain governmental and regulatory approvals, (v) the inability to complete the PIPE Investment or the Forward Purchase Agreements investments (as such terms are defined in the registration statement on Form F-4 discussed above), (vi) the occurrence of any event, change or other circumstance that could give rise to the termination of the Obagi Merger Agreement or the Milk Equity Purchase Agreement (as such terms are defined in the registration statement on Form F-4 discussed above), (vii) changes in general economic conditions, including as a result of the COVID-19 pandemic, (viii) the outcome of litigation related to or arising out of the proposed transactions, or any adverse developments therein or delays or costs resulting therefrom, (ix) the effect of the announcement or pendency of the transactions on Obagi's or Milk's business relationships, operating results, and businesses generally, (x) the ability to continue to meet Nasdaq's listing standards following the consummation of the proposed transactions, (xi) costs related to the proposed transactions, (xii) that the price of Waldencast's securities may be volatile due to a variety of factors, including Waldencast's, Obagi's or Milk's inability to implement their business plans or meet or exceed their financial projections and changes in the combined capital structure, (xiii) the ability to implement business plans, forecasts, and other expectations after the completion of the proposed transactions, and identify and realize additional opportunities and (xiv) the ability of Obagi and Milk to implement their strategic initiatives and continue to innovate their existing products and anticipate and respond to market trends and changes in consumer preferences. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of Waldencast's registration statement on Form S-1 (File No. 333-253370), the registration statement on Form F-4 discussed above, the proxy statement/prospectus and other documents filed or that may be filed by Waldencast from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Obagi, Milk and Waldencast assume no obligation and do not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. Neither Waldencast, Obagi, or Milk gives any assurance that Waldencast, Obagi or Milk, or the combined company, will achieve their expectations.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | Supplemental Slides |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURE

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

Waldencast Acquisition Corp.

Date: July 5, 2022

By: /s/ Michel Brousset
Name: Michel Brousset
Title: Chief Executive Officer
(Principal Executive and Accounting Officer)

Recent developments and business update

Waldencast Group Recent Financial Highlights

| | | FY21E | FY21A | FY22E | FY21A vs. FY21E | FY22E vs. FY21A | 1Q22A | 1Q22A vs. 1Q21A |
|----------------------------------|--------------------|-------|-------|-------|--------------------|--------------------|-------|--------------------|
| Net sales (\$mm) | OBAGI ¹ | \$168 | \$179 | \$190 | 6.4% | 6.5% | \$43 | 31.7% |
| | Milk | \$47 | \$47 | \$66 | 0.2% | 40.2% | \$18 | 17.8% |
| | Waldencast | \$215 | \$226 | \$256 | 5.0% | 13.5% | \$61 | 27.3% |
| | | | | | | | | |
| Gross profit ² (\$mm) | OBAGI ¹ | \$127 | \$136 | \$150 | | | \$33 | |
| | % margin | 76% | 76% | 79% | | | 76% | |
| | Milk | \$23 | \$25 | \$39 | | | \$11 | |
| | % margin | 49% | 54% | 59% | | | 62% | |
| | Waldencast | \$150 | \$162 | \$189 | | | \$44 | |
| | % margin | 70% | 72% | 74% | | | 72% | |
| Pro Forma Adj. EBITDA (\$mm) | OBAGI ¹ | \$42 | \$44 | \$50 | | | \$8 | |
| | % margin | 25% | 24% | 26% | | | 18% | |
| | Milk | (\$3) | (\$3) | \$5 | | | \$3 | |
| | % margin | nm | nm | 8% | | | 15% | |
| | Waldencast | \$39 | \$39 | \$50 | | | \$11 | |
| | % margin | 18% | 17% | 20% | | | 17% | |

- ✓ Over-delivered on topline as well as profitability in 2021 relative to initial expectations
- ✓ Strong momentum continues in 2022 with Q1 outperforming versus budget and last year
 - Successful launch of Rise Mascara
 - Upsized PIPE from \$105mm to \$113mm
- ✓ Entered into a credit agreement that will provide a term loan facility of \$175 million and a revolving credit facility of up to \$50 million
- ✓ Such credit facilities will provide financial flexibility in executing the growth strategy
- ✓ Waldencast will receive aggregate proceeds of up to \$671 million (if all shareholders redeem their shares) or up to ~\$1.02 billion (if no shareholders redeem their shares)



Source: Company filings

¹OBAGI financials exclude China; ²Reflects adjusted Gross profit that includes supply agreement and developed technology intangible asset amortization expense that pertains to cost of goods



OBAGI

\$179mm

2021
net sales

17%

2019 – 2021
net sales
CAGR¹

~24%

2021
Adj. EBITDA
margin¹

#1

perceived best
performing brand
among US
providers²

200+

SKUs
from Rx to
Consumer³

80+

patents
worldwide³

¹ 2021 OBAGI financials exclusive of China business

² 2020 Kline Physician-Dispensed Skincare: U.S. Perception & Satisfaction Survey, Kline & Company

³ OBAGI information

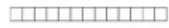


Milk

MAKEUP

Leading clean make-up brand with a cult following among Gen-Z consumers known for its cultural relevance and iconic products

Anchored by strong community following with significant growth opportunities



OBAGI + Milk MAKEUP

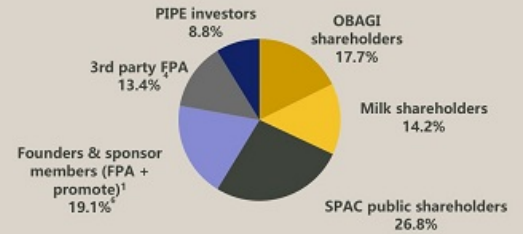
transaction summary

- Implied pro forma enterprise value of ~\$1.2 billion
- Waldencast to combine substantially concurrently with OBAGI and Milk - Implies a 24.7x post-money FV / 2022E Adj. EBITDA³ and 16.5x FV / 2023E Adj. EBITDA³
- Concurrent with the transaction, Waldencast has raised \$113 million of committed PIPE at \$10.00 per share
- Existing shareholders of OBAGI and Milk to maintain ownership of approximately 18% and 14% respectively
- OBAGI shareholders to retain OBAGI China distribution with an ongoing royalty paid to Waldencast
- Members of our sponsors investing an additional \$160m of committed capital through the FPA (at the top of the range of their \$130m to \$160m FPA commitment), resulting in a significant ownership in the company²
- Third-Party investors allocating \$173m of committed capital through an FPA⁴
- Assuming no redemptions, cash to sellers of \$520m comprising \$380m to Obagi⁷ and \$140m to Milk

Pro forma enterprise value (\$mm)

| | |
|---|----------------|
| Obagi enterprise value | \$858 |
| Milk enterprise value | \$382 |
| Pro forma enterprise value | \$1,240 |
| Implied 2022E Adj. EBITDA multiple ³ | 24.7x |
| Implied 2023E Adj. EBITDA multiple ³ | 16.5x |

Pro forma ownership⁵



Note: The analysis and capital structure shown is at \$10 per share and does not reflect the impact from potential warrant and option dilution, or trust redemptions; ¹ Includes 16.0mm FPA shares and 8.6mm shares of founder promote; ² Members of our sponsors have entered into forward purchase agreement to purchase 16 million units, exercising their option therein, issued and sold by the Company on a private placement basis. Each unit is comprised of one Class A ordinary share of the Company and one-third of one redeemable warrant, where each whole redeemable warrant is exercisable to purchase one Class A ordinary share at an exercise price of \$11.50 per share; ³ EBITDA reflects deduction of \$5mm for public company costs; ⁴ Sponsor is managing member of the Third-Party and therefore may be deemed beneficial owner. The Third-Party entered into forward purchase agreement to purchase 17.3 million units, exercising their option therein, issued and sold by the Company on a private placement basis in connection with the consummation of the Business Combination. Each unit is comprised of one Class A ordinary share of the Company and one-third of one redeemable warrant, where each whole redeemable warrant is exercisable to purchase one Class A ordinary share at an exercise price of \$11.50 per share; ⁵ Reflects the pro forma ownership of Class A and Class B ordinary shares of the Company, excluding potential Class A ordinary shares from dilutive securities, following the Business Combination assuming no redemptions; ⁶ Includes Burwell Mountain Trust's ownership interest of 6.1%, Dynamo Master Fund's ownership interest of 10.7%, Waldencast Ventures' ownership interest of 2.2% and the Investor Directors ownership interest of 0.1%; ⁷ Obagi cash consideration to be reduced by Estimated Specified Inventory Cash Value with no corresponding increase to the amount of Obagi Stock Consideration



Illustrative sources & uses at various redemption levels





Sources and uses (\$M)

| Sources | 30% redemptions | Max redemptions |
|---------------------------------------|-----------------|-----------------|
| IPO cash proceeds, net of redemptions | \$242 | \$18 |
| PIPE cash proceeds | 113 | 113 |
| FPA proceeds | 333 | 333 |
| Seller rollover equity | 519 | 595 |
| Debt | 126 | 225 |
| Other ¹ | 2 | 2 |
| Total sources | \$1,335 | \$1,286 |
| Uses | | |
| Cash to balance sheet | \$102 | \$53 |
| Debt paydown (inclusive of Exit Fees) | 126 | 126 |
| Transaction fees and expenses | 69 | 69 |
| Debt fees | 3 | 4 |
| Cash to Milk sellers | 140 | 117 |
| Cash to Obagi sellers ² | 376 | 323 |
| Seller rollover equity | 519 | 595 |
| Total uses | \$1,335 | \$1,286 |



Source: Company filings; Note: Assumes \$1.1M, \$12.9M, and \$3.4M of cash on balance sheet for Waldencast, Obagi, and Milk, respectively, as of 03/31/22
¹ Represents cash from settlement of amounts due from officers and cash down from working capital loan; ² Obagi cash consideration to be reduced by Estimated Specified Inventory Cash Value with no corresponding increase to the amount of Obagi Stock Consideration; Reduction estimated to be \$10 - \$20mm which would increase cash to balance sheet

Peer benchmarking

| | awaldencast* | BEAUTY | | | | | HIGH-GROWTH CONSUMER | | | PEER GROUP AVERAGE |
|---|---|---------|--|-----|---------|------------|---|--|-----|--------------------|
| |  | L'OREAL |  ESTÉE LAUDER | elf | OLAPLEX | hydrificaf |  align |  FIGS | | |
| 2021E-2023E Revenue CAGR | 21% | 10% | 9% | 11% | 31% | 27% | 20% | 13% | 26% | 18% |
| 2022E Adj. EBITDA Margin ¹ | 20% | 24% | 24% | 17% | 64% | 15% | 26% | 27% | 17% | 27% |
| 2023E Adj. EBITDA Margin ¹ | 24% | 24% | 25% | 19% | 61% | 20% | 26% | 28% | 20% | 28% |
| 2021E-2023E Adj. EBITDA CAGR ¹ | 40% | 12% | 11% | 37% | 24% | 61% | 21% | 15% | 11% | 24% |

Source: Historical data from company filings; projections from FactSet as of 06/22/2022
¹ 2022 and 2023 EBITDA reflects deduction of \$5mm for public company costs



Trading metrics for relevant peers

| | Waldencast ¹ | BEAUTY | | | | | HIGH-GROWTH CONSUMER | | | | PEER GROUP AVERAGE |
|-----------------------|---|---------|--------------|-------|---------|-------------|----------------------|-------|-------|-------|--------------------|
| |  | L'OREAL | ESTEE LAUDER | elf | OLAPLEX | hydrificial | LAURENCE J. ROBERTS | align | FIGS | | |
| 2022E FV/ Revenue | 4.6x | 4.7x | 5.0x | 3.6x | 12.3x | 5.2x | 4.8x | 4.2x | 2.2x | 5.3x | |
| 2023E FV/ Revenue | 3.8x | 4.4x | 4.6x | 3.3x | 9.8x | 4.2x | 4.2x | 3.5x | 1.7x | 4.5x | |
| 2022E FV/ Adj. EBITDA | 23.7x ¹ | 19.5x | 20.9x | 21.0x | 19.3x | 35.8x | 18.9x | 15.9x | 12.5x | 20.4x | |
| 2023E FV/ Adj. EBITDA | 15.8x ¹ | 18.1x | 18.8x | 17.6x | 16.1x | 20.9x | 16.1x | 12.7x | 8.6x | 16.1x | |

----- Waldencast implied multiple at \$10/share



Source: Historical data from company filings; projections from FactSet as of 06/22/2022
¹ EBITDA reflects deduction of \$5mm for public company costs

