

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): June 10, 2022

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

<u>Cayman Islands</u> (State or other jurisdiction of incorporation)	<u>001-40207</u> (Commission File Number)	<u>98-1575727</u> (I.R.S. Employer Identification No.)
<u>10 Bank Street, Suite 560 White Plains, New York</u> (Address of principal executive offices)		<u>10606</u> (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 filing 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 1.01 Entry Into A Material Definitive Agreement.

Conditional Consent

As previously disclosed, on November 15, 2021, Waldencast Acquisition Corp. (“Waldencast”) 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 (“Merger Sub”) and an indirect wholly owned subsidiary of Waldencast, and Obagi Global Holdings Limited, a Cayman Islands exempted company limited by shares (“Obagi”), pursuant to which, among other things, Merger Sub will merge with and into Obagi, the separate corporate existence of Merger Sub will cease and Obagi will be the surviving company and an indirect wholly owned subsidiary of Waldencast (the “Merger”), as well as 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, Waldencast Partners LP, a Cayman Islands exempted limited partnership, Milk Makeup LLC, a Delaware limited liability company (“Milk”), certain members of Milk and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as representative of Milk’s equityholders. As contemplated under the Obagi Merger Agreement, Obagi and Cedarwalk Skincare Ltd., a Cayman Islands exempted company limited by shares and the current sole shareholder of Obagi (“Cedarwalk”), will enter into a distribution agreement pursuant to which, among other things, prior to the Merger, Obagi will distribute to Cedarwalk, all of the issued and outstanding shares of capital stock of Obagi Hong Kong Limited, a limited company formed under the laws of Hong Kong (“Obagi Hong Kong”) (the “Distribution Agreement”).

On June 13, 2022, Waldencast entered into a Conditional Consent, Waiver and Acknowledgement (the “Conditional Consent”), by and among Waldencast, Merger Sub, Obagi Cosmeceuticals LLC, a Delaware limited liability company (“Obagi Cosmeceuticals”), Obagi, Obagi Hong Kong and Cedarwalk. Pursuant to the Conditional Consent, the value of and cost associated with inventory on hand as of five (5) business days prior to the extraordinary general meeting of the shareholders of Waldencast, which will be held to consider and vote upon certain proposals, including a proposal to adopt the Obagi Merger Agreement, and acquired by Obagi Cosmeceuticals on behalf and for the benefit of Obagi Hong Kong and its subsidiaries, that has not been paid for by Obagi Hong Kong, will be deducted from the cash portion of the consideration payable under the Obagi Merger Agreement to Cedarwalk, subject to adjustment. Such reduction in the cash portion of the consideration payable under the Obagi Merger Agreement will not be subject to a corresponding increase in the stock consideration payable to Cedarwalk.

Further, pursuant to the Conditional Consent, (i) intercompany receivables and payables between Obagi and certain of its affiliates, on the one hand, and Cedarwalk, Obagi Hong Kong and certain of their affiliates, on the other hand, will be settled prior to the consummation of the Distribution Agreement or will be released without payment and (ii) upon consummation the Distribution Agreement, all third-party receivables and payables of Obagi Hong Kong and its subsidiaries outstanding immediately prior to the consummation of the Distribution Agreement will be transferred to, and assumed by, Obagi Cosmeceuticals, which shall indemnify Obagi Hong Kong for losses of Obagi Hong Kong to the extent of such third-party payables.

Pursuant to the Conditional Consent, Obagi Hong Kong will pay Obagi and certain of its affiliates a royalty of two and three quarters percent (2.75%) of gross sales on the specific inventory identified in the Conditional Consent that is sold during the ninety (90) days following the consummation of the transactions contemplated by the Obagi Merger Agreement.

The foregoing description of the Conditional Consent and the transactions contemplated thereby is not complete and is subject to and qualified in its entirety by reference thereto, a copy of which is filed with this Current Report on Form 8-K as Exhibit 2.1, and the terms of the foregoing are incorporated by reference herein.

PIPE Investment

As previously disclosed, concurrently with the entry into the Transaction Agreements, on November 14, 2021, Waldencast entered into initial subscription agreements (the “Initial Subscription Agreements”) with certain investors (collectively, the “Initial PIPE Investors”), pursuant to, and on the terms and subject to the conditions of which, the Initial PIPE Investors collectively subscribed for 10,500,000 ordinary shares of common stock, par value \$0.0001 per share, of Waldencast (following its Domestication (as defined in the Transaction Agreements) (the “Waldencast Common Stock”) for an aggregate purchase price equal to \$105,000,000 (the “Initial PIPE Investment”). On June 14, 2022, Waldencast entered into subsequent subscription agreements (the “Subsequent Subscription Agreements”) and, together with the Initial Subscription Agreements, the “Subscription Agreements”) with certain investors (collectively, the “Subsequent PIPE Investors”). Pursuant to, and on the terms and subject to the conditions of the applicable Subsequent Subscription Agreement, the Subsequent PIPE Investors have collectively subscribed for 800,000 shares of Waldencast Common Stock for an aggregate purchase price equal to \$8,000,000 (the “Subsequent PIPE Investment”) and, together with the Initial PIPE Investment, the “PIPE Investment”). The PIPE Investment will be consummated substantially concurrently with the closing of Waldencast’s initial business combination.

The foregoing description of the Subscription Agreements and the transactions contemplated thereby is not complete and is subject to, and qualified in its entirety by, the full text of the form of Subscription Agreements, a copy of which was filed as Exhibit 10.1 to Waldencast’s Current Report on Form 8-K/A filed with the SEC on November 17, 2021, and which is incorporated herein by reference.

Item 5.02 - Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensation Arrangements of Certain Officers.

As previously announced, on April 18, 2022, Tassilo Festetics, Chief Financial and Technology Officer and the principal financial officer of Waldencast, notified Waldencast of his intention to resign. Effective June 10, 2022, the Board of Directors of Waldencast appointed Michel Brousset to serve as the principal financial officer of Waldencast. Further biographical information regarding Mr. Brousset is included in the registration statement on Form F-4 and the proxy statement/prospectus included therein, dated February 14, 2022, as amended, filed by Waldencast in connection with the transactions contemplated by the Transaction Agreements. In connection with Mr. Brousset's appointment, Mr. Festetics's previously reported resignation became effective June 10, 2022.

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 and Amendment No. 4 to the registration statement on Form F-4 filed with the SEC on May 13, 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.

No Offer or Solicitation

This communication is for informational purposes only and does not constitute, or form a part of, an offer to sell or the solicitation of an offer to sell or an offer to buy or the solicitation of an offer to buy any securities, and there shall be no sale of securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933 as amended, and otherwise in accordance with applicable law.

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. The following exhibits are being filed herewith:

Exhibit No.	Description
2.1	Conditional Consent, Waiver and Acknowledgment, dated as of June 13, 2022, by and among Waldencast, Merger Sub, Obagi Cosmeceuticals, Obagi, Obagi Hong Kong and Cedarwalk.*
10.1	Form of Subscription Agreements (incorporated by reference to Exhibit 10.1 of Waldencast Acquisition Corp.'s Current Report on Form 8-K/A, filed with the SEC on November 17, 2021)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(b)(10). The Registrant agrees to furnish supplementally a copy of all omitted schedules to the Securities and Exchange Commission upon its request.

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.

By: /s/ Michel Brousset
Name: Michel Brousset
Title: Chief Executive Officer

Date: June 15, 2022

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item (601)(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

CONDITIONAL CONSENT, WAIVER AND ACKNOWLEDGEMENT

June 13, 2022

Reference is hereby made to the certain (a) Agreement and Plan of Merger (the “**Merger Agreement**”), dated as of November 15, 2021, by and among Waldencast Acquisition Corp., a Cayman Islands exempted company limited by shares (“**Waldencast**”), Obagi Merger Sub, Inc., a Cayman Islands exempted company limited by shares (“**Merger Sub**”), Obagi Cosmeceuticals LLC, a Delaware limited liability company (“**Obagi Cosmeceuticals**”), Obagi Global Holdings Limited, a Cayman Islands exempted company limited by shares (“**Obagi**”, together with its Subsidiaries, the “**Company**”) and Obagi Hong Kong Limited, a limited company formed under the laws of Hong Kong (“**Obagi Hong Kong**”) and (b) form of Distribution Agreement (the “**Distribution Agreement**”) to be entered into by and between Obagi and Cedarwalk Skincare Ltd., a Cayman Islands exempted company limited by shares (“**Cedarwalk**”). Capitalized terms used but not otherwise defined in this conditional consent, waiver and acknowledgement (“**Conditional Consent, Waiver and Acknowledgement**”) will have the meanings ascribed to such terms in the Merger Agreement.

Obagi Cosmeceuticals has acquired, and up until the Closing will continue to acquire, for the benefit of Obagi’s China business’ specified projected needs, inventory, which is comprised of inventory actually purchased and on hand (“**Existing Inventory**”) as well as open purchase orders for inventory (“**Future Inventory**”), in each case to the extent identified on Exhibit A hereto (as updated in accordance with the terms hereof, the “**Specified Inventory Acquisition**”). For the avoidance of doubt, the parties hereto acknowledge that from and after the Closing, Obagi Cosmeceuticals will provide related services pursuant to the terms of the Supply Agreement and the TSA, as set forth in such agreements.

Waldencast hereby consents to the Specified Inventory Acquisition for purposes of Section 6.1(i) of the Merger Agreement and Waldencast hereby waives its right to indemnification with respect to any inaccuracy of Section 3.3 of the Distribution Agreement to the extent attributable to the Specified Inventory Acquisition, in each case subject to the satisfaction of the following conditions, to which each of the parties hereto acknowledges and agrees:

1. Concurrently with the Closing, all right, title and interests in and to the Existing Inventory shall be transferred from Obagi Cosmeceuticals to Obagi Hong Kong, free and clear of any Liens, notwithstanding the provisions of Section 2.2 of the Distribution Agreement. The Existing Inventory and Future Inventory shall be subject to royalty payments pursuant to Section 4.03 of the form of the License Agreement to be entered into by and among Obagi Holdings Company Limited, a Cayman Islands exempted company limited by shares (“**Obagi Holdings**”), Obagi Cosmeceuticals and Obagi Hong Kong; provided, however, that (a) solely with respect to any Existing Inventory, Future Inventory or other Existing Inventory Product (as such term is defined in the License Agreement) to the extent sold during the ninety (90) days period beginning on the date on which the License Agreement is executed, the portion of Section 4.03 of the License Agreement comprising the definition of Royalty Fee (as such term is defined in the License Agreement) shall be deemed to refer to “two and three quarters percent (2.75%)” rather than “five and one half percent (5.5%)” and (b) the proviso to Section 4.03(a) of the License Agreement shall be deemed to be revised to delete the words “Existing Inventory Product or.” The parties hereto agree to amend the form of the License Agreement to implement the foregoing prior to the execution of the License Agreement.
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2. Obagi shall (i) use reasonable best efforts to effect the Specified Inventory Acquisition at pricing and on terms at least as favorable to Obagi as in recent historical practice, (ii) provide Cedarwalk prior to the Closing and, thereafter, Obagi Hong Kong monthly updates of the status as of the then most recent date reasonably practicable of each shipment of Future Inventory that has not yet been delivered to Obagi Hong Kong, and (iii) provide Cedarwalk and, thereafter, Obagi Hong Kong, in the event Obagi is or expects to be unable to deliver any of the Future Inventory at such pricing or on such terms, written notice of such inability to deliver as soon as reasonably practicable after Obagi discovers such inability to deliver, but in any event no later than three (3) Business Days after discovery of such inability to deliver.
3. Five (5) Business Days prior to the Acquiror Shareholder Meeting, the Chief Executive Officer of Obagi Holdings shall certify in writing to each of the parties hereto the accuracy and completeness of:
 - a. a written statement (the “**Specified Inventory Statement**”), showing Obagi’s good faith calculation (the “**Estimated Specified Inventory Cash Value**”), as of such date (the “**Specified Inventory Acquisition Date**”), of the sum (the “**Specified Inventory Cash Value**”) of (i) the aggregate amount of cash paid or payable by Obagi Cosmeceuticals for Existing Inventory based on the quantity of inventory deliverable under and the related SKU pricing set forth in, the related purchase orders governing the acquisition of such Existing Inventory by the Company as of the Specified Inventory Acquisition Date, plus (ii) without duplication of the foregoing clause (i), the expenses (at actual out-of-pocket cost) to the extent paid or incurred by Obagi or its Affiliates to acquire the Existing Inventory, including materials, storage, labor, freight, shipping, insurance, tariffs and tax costs, without markup, excluding any legal or other fees incurred in connection with the preparation, negotiation or administration of this Conditional Consent, Waiver and Acknowledgment, and with reasonable supporting detail (such expenses collectively, the “**Specified Expenses**”);
 - b. the list of purchase orders to acquire Future Inventory contemplated by the Specified Inventory Acquisition not delivered as of the Specified Inventory Acquisition Date (including amounts owed and payment deadlines) (each a “**Pending PO**”, collectively, the “**Pending POs**”), as well as the estimated Specified Expenses for such Pending POs; and
 - c. an updated Exhibit A reflecting all Existing Inventory and Future Inventory underlying the Specified Inventory Acquisition as of the Specified Inventory Acquisition Date, which shall include at least the same level of detail as Exhibit A attached hereto.
4. At the Closing, the Obagi Cash Consideration shall be (a) reduced by the Estimated Specified Inventory Cash Value with no corresponding increase to the amount of Obagi Stock Consideration, and (b) Section 9.3(c) of the Merger Agreement shall hereby be deemed to be waived solely to the extent that the Obagi Cash Consideration is greater than an amount equal to the difference of (i) \$327,500,000.00 *minus* (ii) the Company Transaction Expenses Overage *minus* (iii) the Estimated Specified Inventory Cash Value.
5. Within sixty (60) Business Days following the Closing Date, Obagi shall provide or cause its post-Closing subsidiaries to provide Cedarwalk with a written statement (“**Closing Specified Inventory Statement**”), certified by the Chief Executive Officer of Obagi Holdings, showing Obagi’s good faith calculation, as of the Specified Inventory Acquisition Date, of the Specified Inventory Cash Value (“**Closing Specified Inventory Cash Value**”).
 - a. For the thirty (30) Business Days period after delivery of the Closing Specified Inventory Statement, representatives of Obagi, Cedarwalk and Waldencast, shall work together collaboratively to review all working papers and procedures used to prepare the Closing Specified Inventory Statement and the calculation of the Closing Specified Inventory Cash Value and such parties shall use their reasonable best efforts to agree upon a final calculation of the Specified Inventory Cash Value (the “**Final Specified Inventory Cash Value**”). If such representatives are unable to timely agree on the Final Specified Inventory Cash Value, the Chief Executive Officer of Obagi Holdings, the Director of Cedarwalk and the Chief Executive Officer of Waldencast shall promptly thereafter meet (by telephone, in person, or by mutually agreed virtual meeting platform) to enter into negotiations aimed at resolving any pending disagreements promptly and appropriately and such parties shall use their reasonable best efforts to agree upon the Final Specified Inventory Cash Value. Obagi, Cedarwalk and Waldencast shall each provide each other and their representatives (including accountants) reasonable access to all information and employees necessary to facilitate the preparation of any statement or calculation of the Specified Inventory Cash Value contemplated hereunder.

- i. In the event that the Final Specified Inventory Cash Value is *greater than* the Estimated Specified Inventory Cash Value, Cedarwalk shall pay the amount of the difference of the Final Specified Inventory Cash Value *minus* the Estimated Specified Inventory Cash Value to the Company.
 - ii. In the event that the Final Specified Inventory Cash Value is *less than* the Estimated Specified Inventory Cash Value, the Company shall pay the amount of the difference of the Estimated Specified Inventory Cash Value *minus* Final Specified Inventory Cash Value to Cedarwalk.
 - b. Any adjustment pursuant to Section 5(a)(i) or Section 5(a)(ii), shall be paid by wire transfer of immediately available funds to accounts designated by Cedarwalk or the Company, as the case may be, within five (5) Business Days after the date the Final Specified Inventory Cash Value is determined.
6. Prior to Closing, Cedarwalk (on behalf of Obagi Hong Kong and its post-Closing Affiliates), Waldencast and Obagi shall cooperate and use their reasonable best efforts to establish reasonable projections with respect to the needed levels of inventory for the China business for the year ended December 31, 2022, taking into account the deliveries of inventory contemplated hereunder.
 7. Following the Closing, with respect to each of the Pending POs, Cedarwalk shall pay to Obagi an amount in cash equal to the sum of (i) 100% of the amount owed under such Pending PO based on the quantity of inventory deliverable under such Pending PO and the related SKU pricing (“**Pending PO Value**”), plus (ii) (a) with respect to any Pending POs to the extent not related to Rhoto Products, an amount equal to twelve percent (12%) of the Pending PO Value, which is intended to compensate the Company for the estimated Specified Expenses related to such Pending PO and (b) with respect to any Pending POs to the extent related to Rhoto Products, an amount equal to a percentage of the Pending PO Value to be agreed upon in writing by Cedarwalk and Obagi (as a single percentage to be applicable for all Rhoto Products), which is intended to compensate the Company for the estimated Specified Expenses related to such Pending POs, in each case, no later than twenty-four (24) hours prior to the respective payment deadline; provided, however, that payments owed pursuant to this Section 7 shall be creditable towards the \$1,500,000 amount set forth in clause (i) of the second sentence of Section 3.2 of the TSA. As used herein, “**Rhoto Product**” means any product that is produced by or on behalf of Rhoto Pharmaceutical Co., Ltd. and its Affiliates under valid license to the Existing China IP and sold in the China Region (as the foregoing two capitalized terms are defined in the License Agreement).
 8. Waldencast, Obagi and Cedarwalk hereby acknowledge and agree that all receivables of the Company associated with sales by the Company recognized before the Closing Date by the Company as of the Closing shall remain with Obagi and its post-Closing Subsidiaries, and not Obagi Hong Kong or its post-Closing Affiliates.

9. All intercompany receivables and payables between Obagi and its Affiliates (other than Cedarwalk, Cedarwalk's direct and indirect parent entities and Obagi Hong Kong and its Subsidiaries), on the one hand, and Cedarwalk, Cedarwalk's direct and indirect parent entities and Obagi Hong Kong and its Subsidiaries, on the other hand, will be settled prior to the consummation of the Distribution Agreement, or will be released without payment pursuant to Sections 5.9 and 5.10 of the Distribution Agreement. Upon the consummation of the Distribution Agreement, (i) all third-party receivables of Obagi Hong Kong and its Subsidiaries outstanding as of immediately prior to the consummation of the Distribution Agreement will transfer to Obagi Cosmeceuticals, and upon such transfer, such receivables will become the assets of and be for the benefit of Obagi Cosmeceuticals exclusively and (ii) all third-party payables of Obagi Hong Kong and its Subsidiaries outstanding as of immediately prior to the consummation of the Distribution Agreement will be transferred to Obagi Cosmeceuticals, and upon transfer, such payables will become the liabilities and the obligations of Obagi Cosmeceuticals exclusively; provided that from the date hereof until the consummation of the Distribution Agreement, Obagi Hong Kong will obtain the prior written consent of Obagi prior to engaging in any transaction that would result in the incurrence of any new third-party payables by Obagi Hong Kong or its Subsidiaries. Obagi Cosmeceuticals agrees to indemnify, defend, and hold harmless Obagi Hong Kong and its Subsidiaries from and against any Losses suffered by Obagi Hong Kong to the extent of any third-party payables that Obagi Cosmeceuticals is assuming pursuant to the previous sentence.

This Conditional Consent, Waiver and Acknowledgment is limited to the matters expressly mentioned above, and except as expressly waived herein, all provisions of the Merger Agreement remain in full force and effect. This Conditional Consent, Waiver and Acknowledgement shall not be construed as a waiver or consent to any other action by the Company except as expressly provided for herein. This Conditional Consent, Waiver and Acknowledgment shall be subject to the terms of Sections 1.2(a) and Article XI of the Merger Agreement, which are incorporated herein, in each case, *mutatis mutandis* and this Conditional Consent, Waiver and Acknowledgment and the terms hereof are confidential and shall not be disclosed by any party hereto, except as required by applicable law, rule or regulation.

[Signature Pages Follow]

IN WITNESS WHEREOF, the undersigned have executed this Conditional Consent, Waiver and Acknowledgement as of the date first written above.

WALDENCAST ACQUISITION CORP.

By: /s/ Michel Brousset

Name: Michel Brousset

Title: Chief Executive Officer

[Signature Page to Conditional Consent, Waiver and Acknowledgement]

OBAGI MERGER SUB, INC.

By: /s/ Michel Brousset

Name: Michel Brousset

Title: Director

[Signature Page to Conditional Consent, Waiver and Acknowledgement]

OBAGI GLOBAL HOLDINGS LIMITED

By: /s/ Jaime Castle

Name: Jaime Castle

Title: Authorized Representative

[Signature Page to Conditional Consent, Waiver and Acknowledgement]

OBAGI HONG KONG LIMITED

By: /s/ Simon Dai

Name: Simon Dai

Title: Director

[Signature Page to Conditional Consent, Waiver and Acknowledgement]

CEDARWALK SKINCARE LTD.

By: /s/ Sicong Dai

Name: Sicong Dai

Title: Authorized Representative

[Signature Page to Conditional Consent, Waiver and Acknowledgement]

OBAGI COSMECEUTICALS LLC

By: /s/ Jaime Castle

Name: Jaime Castle

Title: President and Chief Executive Officer

[Signature Page to Conditional Consent, Waiver and Acknowledgement]

Exhibit A

Specified Inventory Acquisition

[See attached.]

[***]
