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

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934:**

For the fiscal year ended December 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-40207

Waldencast plc
(Exact name of Registrant as specified in its charter)

Not applicable	**Jersey**
(Translation of Registrant's name into English)	**(Jurisdiction of incorporation or organization)**

10 Bank Street, Suite 560
White Plains, NY 10606
(917) 546-6828
(Address of principal executive offices)

Michel Brousset
Chief Executive Officer
10 Bank Street, Suite 560
White Plains, NY 10606
(917) 546-6828
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Class A ordinary shares, par value $0.0001 per share	**WALD**	**Nasdaq Stock Market LLC**
Redeemable warrants, each warrant exercisable for one Class A ordinary share at an exercise price of $11.50 per share	**WALDW**	**Nasdaq Stock Market LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the report:

On December 31, 2023, the issuer had 122,076,410 ordinary shares outstanding, consisting of 101,228,857 outstanding Waldencast plc Class A ordinary shares, par value $0.0001 per share, and 20,847,553 outstanding Waldencast plc Class B ordinary shares, par value $0.0001 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing

requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒
				Emerging growth company	☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting over Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	☒	International Financial Reporting Standards as issued by the International Accounting Standards Board	☐	Other	☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

TABLE OF CONTENTS

INTRODUCTION AND USE OF CERTAIN TERMS

Waldencast plc publishes consolidated financial statements expressed in U.S. dollars. Our consolidated financial statements responsive to Item 18 of this Annual Report filed on Form 20-F (including information incorporated by reference herein, this "Report") with the U.S. Securities and Exchange Commission ("SEC") are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

Unless the context requires otherwise, the words "we," "our," "us," "Company," "Waldencast" and similar words or phrases in this Report refer to Waldencast plc (formerly known as Waldencast Acquisition Corp.), a public limited company incorporated under the laws of Jersey, and its consolidated subsidiaries, including, but not limited to, Obagi Global Holdings Limited, a Cayman Islands exempted company, and its subsidiaries (collectively, "Obagi") and Milk Makeup LLC, a Delaware limited liability company, and its subsidiaries (collectively, "Milk"), which Waldencast acquired on July 27, 2022 (the "Closing Date"), as more fully described in "Item 4. Information on the Company" and "Item 10. Additional Information—C. Material Contracts" in this Report (the "Business Combination").

In accounting for the Business Combination, Waldencast plc was deemed to be the accounting acquirer, and Obagi was deemed to be the predecessor entity for purposes of financial reporting. As a result, when reading our financial statements and information about historical financial results in this Report, you should note there is a clear division between the "predecessor" periods that include financial statements up to the Closing Date (the "Predecessor Periods"), and successor periods that include all periods after the close of the Business Combination (the "Successor Periods"). The predecessor and successor results shown are not comparable, as the Predecessor Periods include only the financial statements of Obagi (which prior to the Business Combination also included its business in the China Region (as defined below), which was not acquired by Waldencast) and the Successor Periods include the consolidated financial statements of Waldencast, which include Obagi and Milk as well. The Successor Periods reflect that since the Closing Date, we have organized our business into two reportable segments - the business of Obagi, which we refer to as our "Obagi® Skincare" segment and the business of Milk, which we refer to as our "Milk Makeup™" segment.

During the year ended December 31, 2023 (Successor Period), management of the Company and the audit committee of Waldencast's Board of Directors (the "Board"), with the assistance of legal and accounting advisors, conducted an internal review of certain accounting issues related to the recognition of revenue in the Predecessor Periods, including issues related to the recognition of revenue from sales of Obagi products to Obagi's Southeast Asia Distributor (the "SA Distributor") in Vietnam, transactions with other Obagi distributors both within and outside the U.S., as well as certain other accounting items. As a result of the review, the Board, upon the recommendation of the audit committee, concluded that the financial statements for certain Predecessor Periods should no longer be relied upon. On that basis, a restated consolidated balance sheet as of December 31, 2021 (Predecessor Period) and consolidated statements of operations and comprehensive income (loss), cash flows and shareholders' equity for the years ended December 31, 2021 (Predecessor Period) and 2020 (Predecessor Period) were included in the Annual Report on Form 20-F, for the year ended December 31, 2022, filed with the SEC on January 16, 2024 (the "2022 20-F").

In this Report, in addition to the terms already defined above, unless stated otherwise or the context otherwise required, all references to:

- "2022 Credit Agreement" means the Credit Agreement, dated as of June 24, 2022, by and among the Borrower, Parent Guarantor, the Lenders and the Administrative Agent, as amended, restated or otherwise modified from time to time;
- "Administrative Agent" means JPMorgan Chase Bank, N.A. in its capacity as the administrative agent under the 2022 Credit Agreement;
- "affiliate" means, with respect to any specified Person, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such specified Person, whether through one or more intermediaries or otherwise. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;
- "Borrower" means Waldencast Finco Limited, a wholly-owned subsidiary of Waldencast;
- "CARES Act" means Coronavirus Aid, Relief, and Economic Security Act;
- "Class A ordinary shares" means our Class A ordinary shares, par value $0.0001 per share;
- "Class B ordinary shares" means our Class B ordinary shares, par value $0.0001 per share;
- "cGMP" means current Good Manufacturing Practice regulations enforced by the FDA;
- "China Region" means the People's Republic of China ("PRC"), including the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;

- "Code" means the U.S. Internal Revenue Code of 1986, as amended;
- "COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof or related or associated epidemics, pandemics or disease outbreaks;
- "EMA" means the European Medicines Agency, an agency of the European Union ("EU");
- "Equityholder Representative" means Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as representative of the Milk Members;
- "Exchange Act" means the Securities Exchange Act of 1934, as amended;
- "FDA" means the U.S. Food and Drug Administration;
- "FDCA" means the Federal Food, Drug, and Cosmetic Act;
- "Holdco 1" means Obagi Holdco 1 Limited, a private limited company incorporated under the laws of Jersey and a wholly-owned subsidiary of Waldencast plc;
- "International" means the entire world except the U.S.;
- "IRS" means the U.S. Internal Revenue Service;
- "Jersey" means the Bailiwick of Jersey, Channel Islands, a British crown dependency;
- "Jersey Companies Law" means the Companies (Jersey) Law 1991, as amended;
- "Lenders" means the lenders party to the 2022 Credit Agreement;
- "MoCRA" means the Modernization of Cosmetics Regulation Act of 2022;
- "Merger Sub" means Obagi Merger Sub, Inc., a Cayman Islands exempted company;
- "Milk Members" means the holders of the common and preferred membership units of Milk Makeup LLC prior to the Business Combination;
- "Milk Purchase Agreement" means the Equity Purchase Agreement, dated as of November 15, 2021, by and among Waldencast, Waldencast LP, Holdco 1, Milk, the Milk Members and the Equityholder Representative;
- "Nasdaq" means The Nasdaq Stock Market LLC;
- "Obagi China Business" means all sales of Obagi products in the China Region prior to the Business Combination.
- "Obagi Merger Agreement" means the Agreement and Plan of Merger, dated as of November 15, 2021, by and among Waldencast, Merger Sub and Obagi;
- "Ordinary Shares" means our Class A ordinary shares and Class B ordinary shares, collectively;
- "Parent Guarantor" means Waldencast LP in its capacity as parent guarantor under the 2022 Credit Agreement;
- "Person" means any individual, firm, corporation, partnership, exempted limited partnership, limited liability company, exempted company, incorporated or unincorporated association, joint venture, joint stock company, governmental authority or instrumentality or other entity of any kind;
- "Securities Act" means the Securities Act of 1933, as amended;
- "Sponsor" means Waldencast Long-Term Capital LLC, a Cayman Islands limited liability company;
- "United States dollars," "U.S. dollars," "USD" or "$" are to the lawful currency of the U.S.;
- "Waldencast LP" means Waldencast Partners LP, a Cayman Islands exempted limited partnership and indirect subsidiary of Waldencast plc; and
- "Waldencast Purchasers" means Holdco 1 and Waldencast LP.

All product and/or brand names, whether designated by notice or not (®/™), are trademarks of Waldencast plc and/or its affiliates. This Report also contains references to trademarks and service marks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that the applicable licensor will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

Any reference in this Report to the websites maintained by Waldencast, Obagi, Milk or any other company is not deemed to incorporate by reference any information available on such websites into this Report and such information does not form part of this Report.

This Report contains certain industry and market data that was obtained from third-party sources, such as industry surveys and industry publications, including, but not limited to, those issued by the U.S. Census Bureau, the American Society of Plastic Surgeons, Euromonitor International and others. In addition, the Report also contains other industry and

market data, including market size estimates, growth and other projections and information regarding our competitive position, prepared by our management on the basis of such industry sources and our management's knowledge of and experience in the industry and markets in which we operate (including management's estimates and assumptions relating to such industry and markets based on that knowledge). Our management has developed its knowledge of such industry and markets through its experience and participation in these markets.

In addition, industry surveys and industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that any projections they contain are based on a number of significant assumptions. Forecasts, projections and other forward-looking information obtained from these sources involve risks and uncertainties and are subject to change based on various factors, including those discussed in the section “Cautionary Note Regarding Forward-Looking Statements” below. You should not place undue reliance on these statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report, as well as our other public filings or public statements, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts are forward-looking statements. These forward-looking statements are often identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will" and variations of such words and similar expressions but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements include assumptions and relate to our future prospects, developments and business strategies. Factors that could cause actual results to differ materially from those expressed or implied in such forward-looking statements include, but are not limited to:

- the impact of the material weaknesses in our internal control over financial reporting, including associated investigations, our efforts to remediate such material weakness and the timing of remediation and resolution of associated investigations;
- our ability to achieve the anticipated benefits from any acquired business, including the Obagi and Milk acquisitions;
- our ability to successfully implement our management's plans and strategies;
- the overall economic and market conditions, sales forecasts and other information about our possible or assumed future results of operations or our performance;
- the general impact of geopolitical events, including the impact of current wars, conflicts and other hostilities;
- the impact of any legal proceedings or investigations, including the outcome of any litigation or investigation related to or arising out of the restatement of our financial results or material weakness in internal control over financial reporting;
- our ability to manage expenses, our liquidity and our investments in working capital;
- any failure to obtain governmental and regulatory approvals related to our business and products;
- risks related to our Class A ordinary shares and warrants, including continued price volatility;
- the impact of any international trade or foreign exchange restrictions, increased tariffs, foreign currency exchange fluctuations;
- our ability to raise additional capital or complete desired acquisitions;
- our ability to comply with financial covenants imposed by the 2022 Credit Agreement and the impact of debt service obligations and restrictive debt covenants;
- the impact of any unfavorable publicity on our business or products;
- our ability to implement our strategic initiatives and continue to innovate Obagi's and Milk's existing products and anticipate and respond to market trends and changes in consumer preferences;
- changes in future exchange or interest rates or credit ratings, changes in tax laws, regulations, rates and policies; and
- our ability to retain the listing of our securities on The Nasdaq Capital Market and our ability to meet Nasdaq's continued listing standards, including the Periodic Filing Rule (as defined below) during the one-year panel monitor period;;
- other risks and uncertainties described from time to time in our filings with the SEC.

We undertake no obligation to update or revise the forward-looking statements included in this Report, whether as a result of new information, future events or otherwise, after the date of this Report. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences are discussed in "Item 5. Waldencast's Operating and Financial Review and Prospects" as well as in "Item 3. Key Information—D. Risk Factors" included herein.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

RISK FACTORS

In evaluating our business, you should carefully consider the following discussion of material risks, events and uncertainties that make an investment in us speculative or risky, in addition to the other information in this Report. A manifestation of any of the following risks and uncertainties could, in circumstances we may or may not be able to accurately predict, materially and adversely affect our business and operations, growth, reputation (including the commercial reputation of our products), prospects, product pipeline and sales, operating and financial results, financial condition, cash flows, liquidity and share price. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. It is not possible to predict or identify all such factors; our operations could also be affected by factors, events or uncertainties that are not presently known to us or that we currently do not consider to present significant risks to our operations. Therefore, you should not consider the following risks to be a complete statement of all the potential risks or uncertainties that we face.

SUMMARY OF KEY RISKS

- ***Risks Related to Internal Controls and Financial Reporting***

o We are subject to an investigation by the SEC and may face litigation and other risks as a result of the restatement of our financial results and material weaknesses in our internal control over financial reporting.

o We have identified material weaknesses in our internal control over financial reporting. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.

- ***Risks Relating to our Business Operations and Financial Condition***

o We may not be able to successfully implement our growth strategy, which includes among other things, expanding international sales, and the historical growth of our Obagi Skincare and Milk Makeup Businesses may not be indicative of our future performance.

o Failure to comply with any of the covenants under our 2022 Credit Agreement could result in an event of default, which may accelerate our outstanding indebtedness and have a material adverse effect on our business, liquidity position and financial position.

o Any legal proceedings, investigations or claims against us could be costly and time-consuming to defend, and, if adversely decided or settled, could materially and adversely affect our business, financial condition and results of operations and could harm our reputation regardless of the outcome. In addition, our business and operations could be negatively affected if they become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of business and growth strategy and impact our share price.

o We rely on a number of third-party suppliers, distributors and other vendors for our business, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction and require us to find alternative suppliers of our products.

- ***Risks Related to the Ownership of our Securities***

o We may issue additional securities without your approval, or conduct future resales, which would dilute your ownership interests and may depress the market price of our Class A ordinary shares even if our business is doing well.

o If we fail to maintain compliance with the continued listing standards of Nasdaq, our securities may be delisted and the price of our Class A ordinary shares and our ability to access the capital markets could be negatively impacted.

o We may be exposed to unknown or contingent liabilities and may be required to subsequently take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and the price of our securities, which could cause you to lose some or all of your investment.

o Warrants will be exercisable for our Class A ordinary shares, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders, and a sale of a substantial number of our securities in the public market could cause the price of our securities to decline.

o A significant number of our shares are held by members of the Sponsor and the former owner of Obagi.

- ***Risks Related to Global Economic, Political and Social Conditions***

o Our sales and profitability may suffer if current economic conditions in any of our major markets inhibit people from spending their disposable income on beauty and wellness products.

- ***Risks Related to our Obagi Skincare Business***

o We are dependent on one main provider in the U.S. who is considered our customer, and the loss of the services of such provider, or their inability to pay invoices in accordance with agreed-upon payment terms, could have a material adverse effect on our business, financial condition and results of operations.

o Our Obagi Skincare business faces intense competition, in some cases from companies that have significantly greater resources than we do, which could limit our ability to generate sales and/or render our products obsolete.

o The loss of a significant customer or inability of a large customer to pay invoices in accordance with agreed-upon payment terms could materially and adversely affect our business, financial condition and results of operations.

- Legal and Regulatory Risks That Could Adversely Impact our Obagi Skincare Business

o Laws, regulations, enforcement trends or changes in existing regulations governing the formulation, manufacturing, testing, approval, distribution, marketing and sale of our over-the-counter (“OTC”) and prescription drug, device and cosmetic products to consumers could harm our business.

- Risks Related to our Milk Makeup Business

o The loss of a significant reseller could materially and adversely affect the business, financial condition and results of operations for our Milk Makeup business.

- Legal and Regulatory Risks That Could Adversely Impact our Milk Makeup Business

o New laws, regulations, enforcement trends or changes in existing regulations governing the manufacturing introduction, marketing and sale of Milk Makeup products to consumers could harm our business.

- Risks Related to the Business & Wellness Industry

o Any damage to our reputation or brands, whether stemming from our use of social media or otherwise, may materially and adversely affect our business, financial condition and results of operations.

o The design, development, manufacture, testing and sale of our products involve the risk of product liability and other claims by consumers and other third parties, and our insurance may be insufficient to cover any such claims.

Risks Related to Internal Controls and Financial Reporting

We are subject to an investigation by the SEC and may face litigation and other risks as a result of the prior restatement of our financial results and material weaknesses in our internal control over financial reporting.

As a result of the restatement of our financial results for certain Predecessor Periods which was published in our 2022 20-F, the associated material weaknesses in our internal control over financial reporting described below, and other matters raised or that may in the future be raised by the SEC, we are subject to an ongoing investigation by the SEC and may be exposed to a number of additional risks and uncertainties, including (i) potential litigation or other disputes or investigations that may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from the material weaknesses in our internal control over financial reporting and preparation and/or restatement of our financial statements for certain Predecessor Periods; (ii) significant costs for accounting, advisory and legal fees in connection with or related to such matters which may be difficult to forecast appropriately; (iii) diversion of the efforts and attention of management and other personnel from our business operations; and (iv) fines, penalties or other actions required as the outcome of government investigations, all of which could result in a potential loss of investor confidence and/or a negative impact on the price of our securities.

As previously disclosed, we proactively and voluntarily self-reported our review of the historical accounting used by Obagi to the SEC. In connection with this matter, we received a document subpoena in September 2023. Although we are fully cooperating with the SEC's investigation and continue to respond to requests related to this matter, we cannot predict when such matters will be completed or the outcome or potential impact of this matter on our business, investor confidence or the price of our securities. Any remedial measures, sanctions, fines or penalties, including, but not limited to, financial penalties and awards, injunctive relief and compliance conditions, which may be imposed on us in connection with this matter could have a material adverse effect on our business, financial condition and results of operations. Additionally, the investigation has resulted in substantial costs and we are likely to continue to incur substantial costs, regardless of the outcome of the investigation.

As of the date of this Report, other than the investigation noted above, we have no knowledge of any other litigation or dispute arising from the material weaknesses in our internal control over financial reporting, the preparation of our financial statements and/or the restatement of our financial results for certain Predecessor Periods. However, we cannot assure you that such litigation or dispute will not arise in the future. Any such litigation or dispute, whether successful or not, could have a material adverse effect on our business, results of operations and financial condition. We cannot assure you that the SEC or another regulatory body will not make further regulatory inquiries or pursue action against us and our senior officers.

We have identified material weaknesses in our internal control over financial reporting. If we are unable to develop and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner, which may adversely affect investor confidence in us and materially and adversely affect our business and operating results.

In connection with the preparation of our consolidated financial statements as of December 31, 2022 (Successor Period) and 2023 (Successor Period), we identified material weaknesses in our internal control over financial reporting related to insufficient segregation of duties and review procedures, insufficient resources with appropriate levels of understanding of US GAAP and insufficient policies and procedures regarding internal controls over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. As part of our plan to remediate these material weaknesses, we performed, with the assistance of expert advisors, a full review of our internal control procedures and have begun to implement new controls and processes, hired additional qualified personnel in our finance and legal departments and established more robust processes to support our internal control over financial reporting, including clearly defined policies, roles, responsibilities, and appropriate segregation of duties, and we plan to continue these efforts. Notwithstanding the identified material weaknesses, our management has concluded that the consolidated financial statements included in this Report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods disclosed in conformity with GAAP. See "*Item 15- Controls and Procedures*" for further information.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. As noted above, we have taken a number of measures to remediate the material weaknesses and continue to evaluate steps to enhance our internal controls. However, these remediation measures have been and may continue to be time consuming and costly and we cannot assure you that these initiatives will ultimately have the intended effects. If we are unable to remediate our material weaknesses in a timely manner or identify additional material weaknesses, we may be unable to provide required financial information in a timely and reliable manner and may incorrectly report financial information. If our financial statements continue to not be filed on a timely basis, we could be subject to sanctions or additional investigations by

Nasdaq, the SEC or other regulatory authorities. Failure to timely file has caused us to be ineligible to utilize short form registration statements on Form F-3 or Form F-4, which may impair our ability to obtain capital in a timely fashion, to provide liquidity to our employees and shareholders, to execute our business strategies or issue shares to effect an acquisition. Any of these events, whether they have or were to occur, could have a material adverse effect on our business.

In addition, the existence of material weaknesses in internal control over financial reporting could adversely affect our reputation or investor perceptions of us, which could have a negative effect on the trading price of our securities.

We cannot assure you that the measures we have taken and plan to take in the future will remediate the material weaknesses identified or that any additional material weaknesses or restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting. Even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our financial statements.

Risks Relating to our Business Operations and Financial Condition

We may not be able to successfully implement our growth strategy, and the historical growth of our Obagi Skincare and Milk Makeup Businesses may not be indicative of our future performance.

The future growth, profitability and cash flows of our Obagi Skincare and Milk Makeup businesses depend upon our ability to successfully implement our growth strategy, which, in turn, is dependent upon a number of key initiatives, including our ability to:

- grow awareness, relevance and trial of the Obagi and Milk brands and products;
- maintain a regular supply of core existing products and execute effective go-to-market strategies to grow them;
- maintain and further strengthen our relationships with our physician customers, international distributors and retail partners in each geographic market where we sell products;
- maintain and enhance our reputation as a provider of high-quality products;
- secure new points of distribution in new markets;
- maintain the ability to sell our products within our existing retail partners for Milk products and operate and ship from our own e-commerce platforms without interruption;
- enhance the productivity of our brands within our points of distribution;
- maintain and enhance our digital platforms and capabilities;
- execute our go-to-market strategies effectively;
- protect our key talent from leaving;
- ensure that we are able to sell our products with attractive margins that deliver profit;
- achieve our growth targets with the financial investments outlined in our plans for each business; and
- predict our growth and manage our financial investments appropriately to reach our targets.

We cannot assure you that we will successfully achieve any or all of the above initiatives in the manner or time period that we expect. Further, achieving these objectives will require investments that may result in short-term cost increases with net sales materializing on a longer-term horizon and therefore may be dilutive to our earnings. We cannot assure you that we will realize, in full or in part, the anticipated benefits we expect our growth strategy will achieve. The failure to realize those benefits could have a material adverse effect on our business, financial condition and results of operations.

We may not be successful in executing our growth strategy, and even if we achieve our strategic plan, we may not be able to achieve or sustain profitability in our business. You should not regard the historical growth rates of our Obagi Skincare and Milk Makeup businesses as indicative of future performance. In the future our revenue from our Obagi Skincare and/or Milk Makeup business could be reduced or grow more slowly than we expect. We also may incur significant losses in the future for a number of reasons, including the following risks and the other risks described in this Report, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors:

- we may lose one or more significant customers or key retailers, or sales of our products through these customers or retailers may decrease;
- our products may be the subject of regulatory actions, including, but not limited to, actions by the FDA, the Federal Trade Commission (“FTC”) and the Consumer Product Safety Commission (“CPSC”) in the U.S. and comparable foreign authorities outside the U.S.;
- the ability of our third-party suppliers to produce our products and of our distributors to distribute our products could be disrupted, particularly if they are not able to comply with the new regulations promulgated by the FDA under MoCRA;
- the integration of the companies may be more costly or take longer than anticipated;

- we may be unable to introduce new products that appeal to consumers or otherwise successfully compete with our competitors in the skincare or cosmetics industries; and
- we may be unsuccessful in enhancing the recognition and reputation of the Obagi and Milk brands, and our brands may be damaged as a result of, among other reasons, our failure, or alleged failure, to comply with applicable ethical, social, product, labor or environmental standards.

If we are able to successfully acquire additional companies and/or expand our Obagi Skincare and Milk Makeup businesses, we will experience growth in the number of our employees and the scope of our operations. To the extent that we acquire and launch additional products, the resulting growth and expansion of the required sales force to sell those products will place a significant demand on our financial, managerial, compliance and operational resources. Since many of the new products we are working on may involve new technologies or entering new geographical markets, we may not be able to accurately forecast the number of employees required and the timing of their hire or the associated costs. The extent of any expansion we may experience will be driven largely by the success of our new products and expanded distribution channels. As a result, management's ability to project the size of any such expansion and its cost to Waldencast is limited by the following uncertainties: (a) we will not have previously sold any of the new products and the ultimate success of these new products is unknown; (b) we may be entering new geographic markets and/or distribution channels; and (c) the costs associated with any expansion will be partially driven by factors that may not be fully in our control (e.g., timing of hire, market salary rates). Due to the uncertainty surrounding the timing of our strategic initiatives, new product lines or the stabilization of the global markets, our costs to hire significant numbers of new employees could be higher than anticipated. Our success will also depend on the ability of our executive officers and senior management team to continue to implement and improve our operational, information management and financial control systems, and to expand, train and manage our employee base. Our inability to manage growth effectively could cause our operating costs to grow even faster than we currently anticipate and adversely affect our results of operations.

We are subject to risks associated with doing business internationally.

A significant component of our growth strategy involves expanding sales of our Obagi Skincare and Milk Makeup products internationally. We generate an increasing share of our revenue from international sales and maintain international operations, including supply and distribution chains that are, and will continue to be, an increasingly significant part of our business. International sales of our Obagi Skincare products currently depend upon the marketing efforts of and sales by certain distributors and licensees. The SA Distributor accounted for a significant portion of our net revenue for the period from July 28 to December 31, 2022 (the "2022 Successor Period"), the period from January 1 to July 27, 2022 (the "2022 Predecessor Period") and year ended December 31, 2021 ("2021 Predecessor Period"). In March 2023, we acquired a majority interest in Obagi Vietnam Import Export Trading MTV Company Limited, a company incorporated in accordance with the laws of Vietnam and formed by the SA Distributor to conduct its business in Vietnam ("Obagi Vietnam"). Due to some of the challenges described elsewhere in this Report, Obagi Skincare related revenue for Vietnam decreased in the year ended December 31, 2023 (Successor Period) compared to prior periods. Given the distribution in Vietnam was previously conducted by the SA Distributor, we have set up our own resources and teams in order to directly sell and distribute Obagi Skincare products in this country. During the course of 2023 (Successor Period), we also began to establish our own entities in various other countries in Southeast Asia to distribute products directly in those countries as well, which required an initial investment in facilities, personnel and registration of products and other start-up costs. We may experience significant delays between incurring these costs and the sale of products in these countries as a result of required business or regulatory licenses or product approvals and the time required to establish a market presence in a new geographic region. We cannot assure you that we will be able to successfully promote, distribute and sell our products in each of these new markets.

Our success in executing on our international expansion strategy will depend upon our ability to, among other things:

- secure all required product and business licenses to operate the business in its jurisdiction;
- develop relationships with sub-distributors, retailers, customers and other business partners in the country;
- attract and retain talent and create processes and systems; and
- expand brand awareness, adjust our products to accommodate local consumer preferences and expand our distribution channels and networks within the country.

Our future business operations in new countries are subject to the economic, political and legal environment in such geographic areas. In particular, Vietnam's economy differs from the economies of the countries in which we currently operate in many respects such as governmental involvement, level of development, growth rate, allocation of resources and inflation rate. The regulatory landscape in Vietnam is also complex and we may encounter difficulties obtaining and maintaining authorizations required by the governmental authorities to import, market and sell our products in this country. Relevant laws and regulations, as well as their interpretations, may be unclear or may evolve in Vietnam. This can make it difficult for us to assess which licenses and approvals are necessary to operate the business of Obagi Vietnam or the processes for obtaining such licenses in Vietnam. For these reasons, we also cannot be certain that we will be able

to maintain the licenses and approvals that we have previously obtained, or that once they expire, we will be able to renew them. We cannot be sure that our interpretations of the rules and their exemptions have been or will be consistent with those of the local regulators.

As we expand the business of Obagi in Southeast Asia, we may be required to obtain new licenses in other countries, which could be a complex and timely process, and comply with additional laws and regulations in the new markets in which we plan to operate. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. In addition, many countries from time to time evaluate the regulatory status of various products and ingredients. We may not obtain foreign regulatory approvals on a timely basis, if at all, or may choose not to implement a country's labeling requirements if to do so would have a negative impact on our international or domestic operations.

The intellectual property laws in Vietnam and the other countries in Southeast Asia may not be as protective as those in the U.S. and we may encounter difficulties asserting rights against those who misappropriate our intellectual property to sell counterfeit products using our trade names. Moreover, the laws and regulations in these jurisdictions have in the past, and may in the future, change rapidly, and we may not be able to adapt quickly to such changes, which could disrupt our operations. The legal systems of Vietnam and other countries in Southeast Asia differ from most common law jurisdictions. For instance, in Vietnam, previously decided legal cases have little precedential value. The laws and regulations are subject to broad and varying interpretations by government officials and courts. For vague regulations, the courts of Vietnam have the power to read implied terms into contracts, adding a further layer of uncertainty. As a result, government officials and courts often express different views from lawyers on the legality, validity and effect of a particular legal document. In addition, the views of a governmental authority received on a particular issue may have no binding effect or finality, so there is no guarantee that similar issues will be dealt with in a similar way by other governmental authorities. Furthermore, recognition and enforcement of legal rights through Vietnam courts, arbitration centers and administrative agencies in the event of a dispute is uncertain.

Our ability to execute our international growth strategy will depend, in part, on our ability to penetrate new international markets and increase the localization of our products and services. We expect to continue to increase our sales and presence outside the U.S., particularly in markets we believe to have high-growth potential. The substantial up-front investment required, the lack of consumer awareness of our products in certain jurisdictions outside of the U.S., differences in consumer preferences and trends between the U.S. and other jurisdictions, the risk of inadequate intellectual property protections and differences in packaging, labeling and related laws, rules and regulations are all substantial matters that need to be evaluated prior to doing business in new jurisdictions and make the success of our international efforts uncertain.

As we continue to expand our international sales, our business will increasingly be subject to certain risks inherent in international business, many of which are beyond our control. These risks include:

- local political and economic instability;
- increased expenses for developing, testing and making localized versions of our products;
- difficulties in hiring and retaining employees;
- differing employment practices and laws and labor;
- difficulties in registering products in multiple jurisdictions with varying regulatory requirements and in maintaining such registrations;
- risks of noncompliance by our distributors, retailers or partners or agents with, and burdens of complying with, a wide variety of extraterritorial, regional and local laws, including competition laws and anti-bribery laws such as the Foreign Corrupt Practices Act ("FCPA") and the U.K. Bribery Act 2010 (the "Bribery Act"), despite our compliance efforts and activities;
- the impact of government-led initiatives to encourage the purchase or support of domestic vendors, which can affect the willingness of customers to purchase products from, or collaborate to promote interoperability of products with, companies whose headquarters or primary operations are not domestic;
- adverse changes in tariff and trade protection measures;
- unexpected changes or differences in foreign regulatory requirements;
- potentially negative consequences from changes in tax laws;
- the potential business failure of one or more of our distribution partners;
- exchange rate risks;
- potential natural disasters in countries where our products are sold;
- differing degrees of protection for intellectual property; and
- difficulties in coordinating foreign distribution.

Any of these factors could adversely affect our business, financial condition and results of operations. We cannot assure you that we can successfully manage these risks or avoid their effects.

If we fail to generate sufficient cash flow from our operations, we will be unable to continue to develop and commercialize new products.

We expect capital and operating expenditures to increase over the next several years as we expand the infrastructure, international footprint, distribution channels and our commercialization, clinical trial, research and development ("R&D") and manufacturing activities for our Obagi Skincare and Milk Makeup businesses. In order to fund these activities and our growth strategy, in September 2023, we entered into subscription agreements with certain investors for the issuance and sale of 14,000,000 Class A ordinary shares in a private placement to (i) one stakeholder of Beauty Ventures LLC ("Beauty Ventures"), which is a beneficial owner of 21.6% of our Class A ordinary shares (ii) certain other existing equityholders, who qualified as accredited investors, including certain members of the Sponsor, and (iii) Michel Brousset, Waldencast's founder and Chief Executive Officer, and Hind Sebti, founder and Chief Growth Officer, at a purchase price of $5.00 each per share, for aggregate gross proceeds of $70 million (the "2023 PIPE Investment").

We believe that net cash provided by operating activities and existing cash and cash equivalents, including proceeds received from the 2023 PIPE Investment and the 2022 Credit Agreement will be sufficient for our current needs. However, our present and future funding requirements will depend on many factors, including, among other things:

- acquisitions of additional businesses in the beauty and wellness industry;
- costs relating to regulatory investigations or litigation;
- the level of R&D investment required to maintain and improve our competitive positions in the skincare and makeup markets;
- the success of our product sales and related collections of accounts receivable;
- our need or decision to acquire or license complementary products or technologies for our Obagi Skincare and/or Milk Makeup businesses;
- costs relating to the expansion of our distribution channels and setting up direct distribution channels in certain international markets;
- costs relating to the expansion of the sales force, management and operational support;
- competing technological and market developments;
- costs relating to changes in regulatory policies or laws that affect our operations; and
- working capital needs driven by inventory and account receivables relating to our U.S. and international expansion.

To the extent we are unable to generate sufficient cash flow, we may be forced to cancel, reduce or delay marketing initiatives, investments or acquisitions. Alternatively, we may need to draw down on the revolving loan facility under the 2022 Credit Agreement or raise additional funds, and we cannot be certain that such funds will be available on acceptable terms when needed, if at all. The incurrence of additional indebtedness would result in increased debt service obligations and operating and financing covenants that could restrict our operations and the issuance of any additional equity could result in dilution to our existing shareholders.

Failure to comply with any of the covenants under our 2022 Credit Agreement could result in an event of default, which may accelerate our outstanding indebtedness and have a material adverse effect on our business, liquidity position and financial position.

We are subject to various financial covenants under the 2022 Credit Agreement. Our ability to comply with the financial covenants under the 2022 Credit Agreement will depend on the success of our businesses, our operating results, and our ability to achieve our financial forecasts. Various risks, uncertainties and events beyond our control, including general or industry-specific economic downturns, could affect our ability to comply with the financial covenants and terms of the 2022 Credit Agreement. In addition, the 2022 Credit Agreement also requires us, among other things, to timely deliver certain financial statements to the Lenders.

Failure to comply with the covenants and other terms could result in an event of default and the acceleration of amounts owing under the 2022 Credit Agreement unless we are able to negotiate a waiver. The Lenders could condition any such waiver on an amendment to the 2022 Credit Agreement on terms that may be unfavorable to us. We could also be blocked from borrowing or obtaining letters of credit under the 2022 Credit Agreement, and the 2022 Credit Agreement could be terminated by the Lenders. Under these circumstances, other sources of capital may not be available or may be available only on unfavorable terms.

If we fail to comply with the covenants and other terms under the 2022 Credit Agreement and we are unable to negotiate a covenant waiver or replace or refinance the credit agreement on favorable terms, our business, financial condition and results of operations could be materially and adversely impacted.

We may make investments into or acquire other companies, which could divert our management's attention, result in dilution to our shareholders and otherwise disrupt our operations, and we may have difficulty integrating any such acquisitions successfully or realizing the anticipated benefits therefrom, any of which could have an adverse effect on our business, financial condition and results of operations.

As part of our business strategy, we may seek to acquire or invest in additional businesses that we believe could complement or expand our existing and future offerings or otherwise offer growth opportunities. The success of any attempts to grow our business through acquisitions to complement our business depends in part on the availability of, our ability to identify and our ability to engage and pursue suitable acquisition candidates. We may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions on favorable terms, if at all. If we are able to complete future acquisitions, we cannot assure you that they will ultimately strengthen our competitive position or that they will be viewed positively by customers, financial markets or investors.

The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated, and the costs incurred likely would not be recoverable. In addition, we have limited experience in acquiring other businesses and may have difficulty integrating acquired businesses or assets, or otherwise realizing any of the anticipated benefits of acquisitions. If we acquire additional businesses, we may not be able to integrate the acquired operations and technologies successfully, or effectively manage the combined business following the acquisition. Integration may prove to be difficult due to the necessity of integrating personnel with disparate business backgrounds, different geographical locations and who may be accustomed to different corporate cultures. Additionally, with multiple business combinations, we could face additional risks, including additional burdens and costs with respect to possible multiple negotiations and due diligence investigations (if there are multiple sellers) and the additional risks associated with the subsequent assimilation of the operations and services or products of multiple acquired companies with different businesses in a single operating business.

We also may not achieve the anticipated benefits from any acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired products or technologies in a profitable manner;
- unanticipated costs or liabilities, including legal liabilities, associated with any such acquisition, or other accounting consequences;
- diversion of management's attention or resources from other business concerns;
- adverse effects on our business relationships with existing customers, members or strategic partners as a result of the acquisition;
- potential loss of the acquired company's customers;
- failure to develop further the acquired company's technology;
- complexities associated with managing the geographic separation of acquired businesses and consolidating multiple physical locations;
- becoming subject to new regulations as a result of an acquisition, including if we acquire a business serving customers in a regulated industry or acquire a business with customers or operations in a country in which we do not already operate;
- coordination of product development and sales and marketing functions;
- the potential loss of key employees;
- acquisition targets not having as robust internal controls over financial reporting as would be expected of a public company;
- possible cash flow interruption or loss of revenue as a result of transitional matters; and
- use of substantial portions of our available cash or issuance of dilutive equity to consummate an acquisition.

We may issue equity securities or incur indebtedness to pay for any such acquisition or investment, which could adversely affect our business, financial condition or results of operations. Any such issuances of additional capital stock may cause shareholders to experience significant dilution of their ownership interests.

In addition, we may not realize benefits from any business combination that we undertake. If we fail to successfully integrate such businesses, or the technologies associated with such business combinations into our company, the revenue and operating results of the combined company could be adversely affected. If our customers are uncertain about our ability to operate on a combined basis, they could delay or cancel orders for our products. We may not successfully

evaluate or utilize the acquired technology or accurately forecast the financial impact of a combination, including accounting charges or volatility in the stock price of the combined entity.

Any legal proceedings, investigations or claims against us could be costly and time-consuming to defend, and, if adversely decided or settled, could materially and adversely affect our business, financial condition and results of operations and could harm our reputation regardless of the outcome. In addition, our business and operations could be negatively affected if they become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of business and growth strategy and impact our share price.

We are and may in the future become subject to legal proceedings, investigations, such as the SEC investigation described elsewhere herein, and claims, including claims that arise in the ordinary course of business, such as claims by customers, claims or investigations brought by regulators or employment claims made by our current or former employees and independent contractors. Such claims may also involve our directors or management.

In general, claims made by or against us in disputes and other legal or regulatory proceedings can be expensive and time-consuming to bring or defend against, requiring us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. These potential claims include, but are not limited to, personal injury claims, class action lawsuits, intellectual property claims, employment litigation and regulatory investigations and causes of action relating to the advertising and promotional claims about our products. Any adverse determination against us in these proceedings, or even the allegations contained in the claims, regardless of whether they are ultimately found to be without merit, may also result in settlements, injunctions or damages that could have a material adverse effect on our business, financial condition and results of operations.

We are not currently a party to any pending or, to our knowledge, threatened litigation that will or could be expected to have a material impact on our business, financial condition and results of operations, other than the SEC investigation described in “Item 4. Information on the Company—B. Business Overview—Legal Proceedings” and “Item 8. Financial Information—Note 17. Commitments and Contingencies”. Any litigation, investigation or claim, whether meritorious or not, could harm our reputation, will increase our costs and may divert management’s attention, time and resources, which may in turn harm our business, financial condition and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. A claim brought against us for which we are uninsured or underinsured could result in unanticipated costs, potentially harming our business, financial position and results of operations.

In the past, following periods of volatility in the market price of a company’s securities, securities class action litigation has often been brought against that company. Shareholder activism, which could take many forms or arise in a variety of situations, as well as the frequency of lawsuits against special purpose acquisition companies (“SPAC”) sponsors, has been increasing recently, especially in the context of SPAC business combinations. Volatility in the share price of our Class A ordinary shares, impediments to our securityholders’ ability to trade our restricted securities, regulatory investigations or litigation relating to the restatement of our financial statements for certain Predecessor Periods or other reasons may in the future cause us to become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert management’s and our Board’s attention and resources from our business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with suppliers and service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist shareholder matters. Further, our share price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism.

We are subject to the U.K. Bribery Act, the FCPA and other anti-corruption laws and anti-money laundering laws. Failure to comply with these laws could subject us to penalties and other adverse consequence.

Our operations are subject to anti-corruption laws, including the Bribery Act, the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, and other anti-corruption laws and anti-money laundering laws that apply in countries where we conduct activities or may conduct activities in the future. The Bribery Act, the FCPA and these other anti-corruption laws generally prohibit us and our employees, agents, representatives, distributors, retailers, other business partners, and third-party intermediaries from authorizing, promising, offering, providing, soliciting, or receiving, directly or indirectly, improper or prohibited payments, or anything else of value, to or from recipients in the public or private sector in order to obtain or retain business or gain some other business advantage. These laws have been

enforced aggressively in recent years and are interpreted broadly. Under the Bribery Act, we may also be liable for failing to prevent a person associated with us from committing a bribery offense. Additionally, we are required to comply with all applicable economic and financial sanctions and trade embargoes, and export/import control laws.

We sell our products in several countries outside of the U.S. and will continue to rely on local distributors and partners to expand and build out our operations in relevant markets. We, or any of our local distributors and other third parties may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these local distributors and partners, even if we do not explicitly authorize or have actual knowledge of such activities. While we strive to put in place the relevant controls to identify high-risk individuals and entities before contracting with them, we will be operating in a number of jurisdictions that pose a high risk of potential Bribery Act or FCPA violations. The Bribery Act and FCPA present particular challenges in the prescription product industry, because, in many countries, hospitals and clinics are run by the government, and doctors and other hospital or clinic employees may therefore be considered foreign officials. We cannot assure you that all of our local distributors or other third parties will comply with all applicable laws, for which we may be ultimately held responsible. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted and as we increase our international sales and business, our risks under these laws may increase.

Some of these anti-corruption laws also require that we keep accurate books and records and maintain internal controls and compliance procedures reasonably designed to prevent any corrupt conduct. While we have policies and procedures to address compliance with those laws, we cannot assure you that none of our employees, agents, representatives, business partners or third-party intermediaries will take actions that violate our policies and applicable law, for which we may be ultimately held responsible. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

Any violations of these anti-corruption laws, or even allegations of such violations, can lead to an investigation and/or enforcement action, which could disrupt our operations, involve significant management distraction and lead to significant costs and expenses, including legal fees. If we, or our local distributors or other third parties, are found to have engaged in practices that violate these laws and regulations, we could suffer hefty fines and severe penalties, profit disgorgement, injunctions on future conduct, securities litigation, bans on transacting government business, delisting from securities exchanges and other consequences that could have a material adverse effect on our business, financial condition and results of operations. In addition, our brand and reputation, our sales activities or our stock price could be adversely affected if we become the subject of any negative publicity related to actual or potential violations of anti-corruption, anti-bribery or trade control laws and regulations.

Risks Related to the Ownership of our Securities

Our quarterly operating results are variable, and future operating results may be difficult to predict.

Our quarterly results of operations have varied in the past and are likely to vary significantly in the future due to a number of factors, many of which are outside of our control, including:

- weakness in consumer spending as a result of a slowdown in the global, U.S. or other economies;
- higher manufacturing costs;
- changes in geographic, channel, or product mix;
- fluctuations in demand for and market acceptance of our products;
- the development of new competitive products by others;
- changes in regulatory classifications of our products;
- changes in physician or customer acceptance of our products;
- changes in treatment practices of physicians who currently prescribe our prescription-strength Obagi products and recommend our nonprescription drug and cosmetic products;
- limited visibility into, and difficulty predicting the level of activity in our customers' practices and retailers' businesses;
- the ability of our customers and distributors to timely pay in full their invoices for product orders;

- reduced demand for our products during the summer months due to variability of patient compliance resulting from travel and other disruptive activities, particularly during July and August;
- changes in the technology or advertising landscape that increase costs for consumer reach, engagement, acquisition or conversion and related regulatory compliance;
- delays between our expenditures to acquire new product lines or expand into new distribution channels and the generation of revenues from those new products or distribution channels;
- unanticipated delays and disruptions in the manufacturing process caused by insufficient capacity or availability of raw materials, turnover in the labor force or the introduction of new production processes, power outages or natural or other disasters beyond our control;
- capital investments and expenditures to support strategic initiatives;
- increases in the cost of raw materials used to manufacture our products and other supply chain costs;
- the amount and timing of operating expenses;
- increased competition;
- legal costs and settlement expenses associated with litigation and related reimbursements from insurance carriers, if any, or related to regulatory matters; and
- changes to our effective tax rate.

To respond to these and other factors, we may make business decisions that adversely affect our operating results such as modifications to our pricing policy, promotions, development efforts, product releases, business structure or operations. Most of our expenses, such as employee compensation and rent for our facilities, are relatively fixed in the short term. Moreover, our expense levels are based, in part, on our expectations regarding future revenue levels. As a result, if our net revenues for a particular period fall below expectations, we may be unable to adjust spending quickly enough to offset such shortfall. Due to these and other factors, we believe that quarter-to-quarter comparisons of our operating results may not be meaningful. You should not rely on our results for any one quarter as an indication of our future performance.

In addition, we generally anticipate seeing some seasonality in our product sales, with higher sales in the last quarter of the year and lower sales during the summer months. It is also possible that in future periods, our results of operations will not meet the expectations of investors or analysts, or any published reports or analyses regarding our company. In that event, the price of our common stock could decline, perhaps substantially.

The historical financial results of our Obagi Skincare and Milk Makeup businesses may not be indicative of our future performance.

The historical financial results of our Obagi Skincare and Milk Makeup businesses included in this Report do not reflect the financial condition, results of operations or cash flows each would have achieved as a standalone company during the periods presented or those we will achieve in the future. This is primarily the result of the following factors: (a) we incurred significant costs as a result of the Business Combination and the restatement of our financial statements for certain Predecessor Periods, including legal, financial advisory and accounting fees, (b) we will continue to incur additional costs related to public company reporting, investor relations and compliance with the Sarbanes-Oxley Act that neither Obagi nor Milk had as they were not public companies; and (c) our capital structure is different from that reflected in historical financial statements for the Predecessor Periods, which include only the business of Obagi. Our financial condition and future results of operations could be materially different from amounts reflected in the historical financial statements included elsewhere in this Report, so it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business.

The price of our securities may be volatile.

The price of our securities, may fluctuate due to a variety of factors, including:

- the volume of our Class A ordinary shares available for public sale;
- the ability of our shareholders to trade restricted securities pursuant to Rule 144 or a shelf registration statement;
- changes in the markets in which we and our customers operate;
- developments involving our competitors;
- changes in laws and regulations affecting our Obagi Skincare and/or Milk Makeup businesses;

- variations in operating performance and the performance of competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by shareholders, including the sale by any of our significant shareholders of any of their Class A ordinary shares or the perception that such sales by our significant shareholders may occur;
- additions and departures of key personnel;
- commencement of, or involvement in, litigation;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; and
- general economic and political conditions, such as the effects of, recessions, interest rates, local and national elections, prices for fuel and consumer goods, international currency fluctuations, corruption, political instability, acts of war or terrorism, or a pandemic or epidemic.

These market and industry factors may materially reduce the market price of our Class A ordinary shares and warrants regardless of our operating performance.

If we fail to maintain compliance with the continued listing standards of Nasdaq, our securities may be delisted and the price of our Class A ordinary shares and our ability to access the capital markets could be negatively impacted.

Our securities are listed on The Nasdaq Capital Market. If we fail to maintain compliance with the continued listing standards of Nasdaq, including the Period Listing Rule during the one-year Nasdaq panel monitor, our securities may be delisted and the price of our Class A ordinary shares and our ability to access the capital markets could be negatively impacted. On May 4, 2023, we received a written notice from Nasdaq indicating that, as a result of not having timely filed our 2022 20-F, we were not in compliance with Nasdaq Listing Rule 5250(c)(1), which requires timely filing of all required periodic financial reports with the SEC. On July 6, 2023, we obtained an extension from Nasdaq permitting us to regain compliance provided we filed this Report no later than October 30, 2023. On October 31, 2023, we received a written notice from the Listing Qualifications Staff of Nasdaq (the "Listing Qualifications Staff") indicating that, based upon our non-compliance with the filing requirement as of October 30, 2023, the Listing Qualifications Staff had determined to delist our securities from Nasdaq by opening of business on November 9, 2023 unless we timely requested a hearing before the Nasdaq Hearings Panel. On November 7, 2023, by requesting a hearing (the "Hearing") before the Nasdaq Hearings Panel (the "Panel"), we appealed the determination of the Listing Qualifications Staff to the Panel and requested that the stay of delisting be extended until the Panel issued a final decision on the matter. On November 22, 2023, Nasdaq granted our request to extend the stay. On January 3, 2024, we received an additional notice of non-compliance from the Listing Qualifications Staff because we had not filed interim financial statements for the period ended June 30, 2023 with the SEC by December 31, 2023, as required by Nasdaq Listing Rule 5250(c)(2). We subsequently filed the 2022 20-F with the SEC on January 16, 2024.

Following the Hearing and the publication by us of our interim financial statements for the period ended June 30, 2023 with the SEC on March 21, 2024, we received formal notice from the Panel confirming that we had regained compliance with Nasdaq's filing requirements, as set forth in Nasdaq Listing Rule 5250(c) (the "Periodic Filing Rule"). In line with the applicable Nasdaq Listing Rules in such circumstances, the notice also indicated that Nasdaq had imposed a "Mandatory Panel Monitor" as that term is defined in Nasdaq Listing Rule 5815(d)(4)(B), for a period of one year from the date of the compliance determination (March 21, 2024), pursuant to which in the event we fail to timely satisfy the Periodic Filing Rule during the one-year monitor period, the Company will not have the opportunity to provide a compliance plan for the Nasdaq Listing Qualifications Staff's review; rather, Nasdaq would instead issue a delist determination pursuant to which the Company could request a hearing and stay of the delist determination pending another hearing before the Panel.

In the event we fail to comply with Nasdaq's continued listing standards and the Panel does not grant our request to extend the stay of a delisting decision or the Panel does not grant any requests we may make for further extensions, our securities may be delisted from The Nasdaq Capital Market. In addition, our Board may determine that the cost of maintaining the listing on a national securities exchange outweighs the benefits of such listing. A delisting of our securities would materially impair our shareholders' ability to buy and sell our Class A ordinary shares and/or our warrants and could have an adverse effect on the market price of, and the efficiency of the trading market for, our securities. The delisting of our securities could significantly impair our ability to raise capital and the value of your investment.

In addition, if our Class A ordinary shares are delisted from The Nasdaq Capital Market, we expect that in the event that any dividends were paid on such shares, they would not be eligible for preferential tax rates, and no mark-to-market election would be available if we are a passive foreign investment company ("PFIC"). See "Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations" for more information regarding the U.S. federal income tax considerations of the ownership and disposition of Class A ordinary shares, including if such shares are delisted from The Nasdaq Capital Market.

We may issue additional securities without your approval, which would dilute your ownership interests and may depress the market price of our Class A ordinary shares.

Certain directors, key employees and consultants of the Company and of our subsidiaries have been granted equity awards under the Waldencast 2022 Incentive Award Plan. You will experience additional dilution when those equity awards vest and are settled or exercisable, as applicable, for our Class A ordinary shares.

In September 2023, in connection with the 2023 PIPE Investment, we entered into subscription agreements with certain investors for the issuance and sale of 14,000,000 Class A ordinary shares in a private placement to (i) one stakeholder of Beauty Ventures, (ii) certain other existing equityholders, including certain members of the Sponsor, and (iii) Michel Brousset and Hind Sebti at a purchase price of $5.00 each per share, for aggregate gross proceeds of $70.0 million. The 2023 PIPE Investment resulted in dilution of the equity interests of other existing holders of our securities who did not participate in the transaction. In the future, we may issue additional Class A ordinary shares or other equity securities of equal or senior rank in connection with, among other things, acquisitions or repayment of outstanding indebtedness, without shareholder approval, in a number of circumstances. The issuance of additional Class A ordinary shares or other equity securities could significantly dilute the equity interests of existing holders of our securities and may adversely affect prevailing market prices for our Class A ordinary shares or warrants.

We may be exposed to unknown or contingent liabilities and may be required to subsequently take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and the price of our securities, which could cause you to lose some or all of your investment.

We cannot assure you that the due diligence conducted in relation to Obagi and Milk has identified all material issues or risks associated with Obagi Skincare and Milk Makeup businesses or the industries in which they compete. Furthermore, we cannot assure you that factors outside of Obagi's, Milk's and our control will not later arise. As a result of these factors, we may be exposed to liabilities and incur additional costs and expenses and we may be forced to later write down or write off assets, restructure our operations, or incur impairment or other charges that could result in our reporting losses. Even if our due diligence has identified certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with our preliminary risk analysis. In connection with the restatement of our financial statements for certain Predecessor Periods, we determined that the reporting unit fair value for our Obagi Skincare business was more likely than not less than its carrying amount due to the fact that restated actual results of the business following the Closing Date were less than the projected results at the time of the acquisition. As a result, during the period from July 28, 2022 to December 31, 2022 (Successor Period), the Company recorded a non-cash impairment charge within the Obagi Skincare reportable segment of $68.7 million. If any of these unexpected or unidentified risks materialize, including any other future write downs or charges, it could have a material adverse effect on our financial condition and results of operations and could contribute to negative market perceptions about our securities. Additionally, we have no indemnification rights against Obagi or former Obagi shareholders or against Milk or the former owners of Milk under our acquisition agreements with Obagi and Milk. Accordingly, our equityholders could suffer a reduction in the value of their securities. Such equityholders are unlikely to have a remedy for such reduction in value unless they are able to successfully claim that the reduction was due to the breach by our directors or officers of a duty of care or other fiduciary duty owed to them, or if they are able to successfully bring a private claim under securities laws that the registration statement or proxy statement/prospectus relating to the Business Combination contained an actionable material misstatement or material omission.

Warrants will be exercisable for our Class A ordinary shares, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders, and a sale of a substantial number of our securities in the public market could cause the price of our securities to decline.

Outstanding warrants to purchase an aggregate of 29,533,282 Class A ordinary shares are exercisable in accordance with the terms of the warrant agreement, dated March 15, 2021, between Waldencast Acquisition Corp. and Continental Stock Transfer & Trust Company, as amended on December 1, 2022, by and among Waldencast plc (f/k/a Waldencast Acquisition Corp.), Continental Stock Transfer & Trust Company and American Stock Transfer & Trust Company LLC (the "Warrant Agreement") governing those securities at an exercise price of $11.50 per share. These warrants will expire five years after the completion of our the Business Combination (July 27, 2027), at 5:00 p.m., New York City time, or earlier upon redemption or liquidation. To the extent such warrants are exercised, additional Class A ordinary shares will be issued, which will result in dilution to our existing Class A ordinary shareholders and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the market price of our Class A ordinary shares. However, there is no guarantee that the public warrants will ever be in the money prior to their expiration and as such, the warrants may expire worthless. In addition, our shareholders who exercised their redemption rights with respect to their public shares in connection with the Business Combination retained their public warrants, which may be exercised by such redeeming shareholders for our Class A ordinary shares resulting in further dilution.

A significant number of our shares are held by members of the Sponsor and the former owner of Obagi.

As of April 15, 2023, members of the Sponsor and its affiliates own a combined ownership interest of 50.8% of our Class A ordinary shares, comprised of the following: (i) Burwell Mountain Trust ("Burwell") holds an ownership interest of 10.4% of the Class A ordinary shares, (ii) Zeno Investment Master Fund (f/k/a Dynamo Master Fund) ("Zeno") holds an ownership interest of 17.7% of the Class A ordinary shares, (iii) Michel Brousset (individually and as beneficial owner of the shares held by Waldencast Ventures LP) holds an ownership interest of 5.8% of the Class A ordinary shares, and (iv) Beauty Ventures holds an ownership interest of 20.0% of the Class A ordinary shares. In addition, Cedarwalk Skincare Ltd., the owner of Obagi immediately prior to the close of the Business Combination ("Cedarwalk"), holds an ownership interest of 26.1% the Class A ordinary shares. See "Item 7. ""Major Shareholders and Related Party Transactions for more information.

As a result of such ownership, members of the Sponsor and their affiliates and Cedarwalk exercise significant influence over all matters requiring shareholder approval, including the election and removal of directors, appointment and removal of officers, any amendment of our memorandum and articles of association (the "Constitutional Document"), and any approval of significant corporate transactions. Additionally, the interests of the Sponsor and its affiliates and/or Cedarwalk may differ from those of other shareholders. As a result, the concentration of voting power with members of the Sponsor and their affiliates and Cedarwalk may have an adverse effect on the price of our securities.

Future resales of our Class A ordinary shares may cause the market price of our securities to drop significantly, even if our business is doing well.

Subject to certain exceptions, in connection with the 2023 PIPE Investment, the participating investors agreed not to transfer or sell, during the respective lock-up period, any Class A ordinary shares (i) subscribed by such participating investor in connection with the 2023 PIPE Investment and (ii) held by such participating investor at or prior to the applicable PIPE Closing Date (as defined below) (the "Lock-Up Shares"). For 75% of the Lock-Up Shares, the applicable lock-up period means the period beginning on September 14, 2023 for investors in 13,600,000 Class A ordinary shares (the "First PIPE Closing Date") or November 8, 2023 for investors in 400,000 Class A ordinary shares (the "Second PIPE Closing Date" and together with the First PIPE Closing Date, the "PIPE Closing Dates", and individually, each a "PIPE Closing Date"), and ending on the one-year anniversary of the applicable PIPE Closing Date. For 25% of the Lock-Up Shares, the applicable lock-up period means the period beginning on the applicable PIPE Closing Date and ending on the six-month anniversary of the applicable PIPE Closing Date. There are no other contractual lock-up restrictions currently in place, as those entered into in connection with the Business Combination have expired. See "Item 5. Waldencast's Operating and Financial Review and Prospects—Recent Events—Lock-Up Restrictions" for more information on the Lock-Up Agreements (as defined below).

Following the expiration of each applicable lock-up period, the applicable shareholders will not be contractually restricted from selling our Class A ordinary shares, however other restrictions may apply as a result of applicable securities laws. Additionally, certain of the Class A ordinary shares held by the Sponsor and its affiliates and former members of Milk, who acquired the shares in a private placement, are not contractually restricted from selling any of their Class A ordinary shares, other than by applicable securities laws, including those requiring us to be timely in our reporting obligations. See "Item 3. Key Information—D. Risk Factors—Risks Related to our Organization and Corporate Structure—*As a former shell company, resales of shares of our restricted Class A ordinary shares in reliance on Rule 144 of the*

Securities Act are subject to the requirements of Rule 144(i)." As such, sales of a substantial number of our Class A ordinary shares in the public market could occur at any time subject to applicable securities laws. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A ordinary shares.

As the applicable lock-up periods expire and registration statements are available for use, the sale or possibility of sale of these shares could have the effect of increasing the volatility in our share price or the market price of our Class A ordinary shares could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them.

Risks Related to Global Economic, Political and Social Conditions

Our sales and profitability may suffer if current economic conditions in any of our major markets inhibit people from spending their disposable income on beauty and wellness products.

Virtually all of our products are purchased based on consumer choice due to the fact that they are generally considered cosmetic in nature and not covered by health insurance policies. As a result, they are typically paid for directly by the customer out of disposable income and are not subject to reimbursement by third-party payors such as health insurers. Adverse changes in the economy, such as continuing increases in prices for consumer goods in the U.S. and many other countries, an economic slow-down or recession, or ongoing economic uncertainties, could accordingly have a significant negative effect on consumer spending for these products. If consumers reassess their spending choices, the demand for these products could decline significantly, which would have a material adverse effect on our sales and profitability. In addition, inflation, rising interest rates and other economic uncertainties may cause our suppliers, distributors, contractors or other third-party partners to suffer financial or operational difficulties that they cannot overcome, resulting in their inability to provide us with the materials and services we need, in which case our business and results of operations could be adversely affected.

Global or regional conflicts or uncertainties may adversely affect our business.

Adverse changes in global or regional conditions periodically occur, including changes or uncertainty in fiscal, monetary or trade policy, geopolitical and security issues, such as armed conflict and civil or military unrest, political instability, human rights concerns and terrorist activity, catastrophic events such as natural disasters and public health issues (including the COVID-19 pandemic), supply chain interruptions, new or revised export, import or doing-business regulations, including trade sanctions and tariffs or other global or regional occurrences.

Global or regional conflicts could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. Additionally, military actions and any resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, particularly if current or new sanctions continue for an extended period of time or if geopolitical tensions result in expanded military operations on a global scale.

Additionally, tensions between the U.S. and China have led to increased tariffs and trade restrictions. The U.S. has imposed economic sanctions on certain Chinese individuals and entities and restrictions on the export of U.S.-regulated products and technology to certain Chinese technology companies. These and other global and regional conditions may adversely impact our business strategy to continue to expand sales of Obagi and Milk products in China.

Public health emergencies, epidemics or pandemics, such as COVID-19, have had, and could in the future have, an adverse impact on our operations and financial condition.

Public health emergencies, epidemics or pandemics have had, and could in the future have, an adverse impact on our operations and financial condition. The emergence of COVID-19 in 2020 caused many countries, including the U.S., to declare national emergencies and implement preventive measures such as travel bans and shelter in place or total lock-down orders. The net revenue derived from our Obagi Skincare and Milk Makeup businesses were materially and adversely affected in the first two quarters of 2020, as many of Obagi's physician customers and Milk's primary reseller, Sephora, were required to close their businesses for several weeks, which greatly diminished demand for Obagi and Milk products. Any re-implementation of similar restrictions in response to a new variant of COVID-19 or another pandemic or epidemic could have a material impact on our future net revenue.

The impact of COVID-19 on the global supply chain caused a number of challenges for our Milk Makeup business that were in many cases beyond our control, including among others, availability of raw materials and components, production and transport delays, loss of productivity in warehousing and shipping, reduction in Sephora's ability to ship from their warehouses to stores, and reductions in their stores' ability to properly offer advice and service and to supply Milk products and service our gondolas in the same way that was done prior to COVID-19. This impact in-store is particularly challenging for prestige cosmetics where consumers are paying a premium price to be able to access advice and samples that justify paying more instead of purchasing a product in a self-serve environment. In addition, although the impact of COVID-19 on Obagi's manufacturing and supply chain to date has not been material, temporary or permanent closures of Obagi's direct and indirect suppliers could result in adverse effects to the supply chain. Any supply disruptions would adversely affect our ability to procure sufficient inventory of Obagi and Milk products to support customer orders.

In response to the COVID-19 pandemic, we also modified some of our business practices, including accelerating the launch of a redesigned Obagi website to enable us to sell Obagi products directly to consumers, creating an e-commerce platform to enable Obagi's physician customers to sell the products online to their patients, designing a Door-Step Delivery Program for Obagi customers' patients, and investing in the Obagi Helping Hands program to provide free hand sanitizer to healthcare professionals. All of these changes required significant investments of financial and management resources.

While the COVID-19 Public Health Emergency declared under the Public Health Service Act expired in May 2023, any future pandemic, epidemic, natural disaster or other unanticipated event could require us to make similar unplanned investments or adversely affect our business, financial condition and results of operations.

Our business operations involve doing business in the People's Republic of China, which exposes us to risks inherent in doing business in that country.

Milk Makeup currently sources components in the People's Republic of China and does not have substantial alternatives to those suppliers. Milk Makeup and Obagi Hong Kong Limited, a subsidiary of Cedarwalk ("Obagi Hong Kong") also utilize warehouse services provided third-party distributors in that region. The results of operations of our business will be materially and adversely affected if the cost for components or third-party warehouse services increase significantly. Additionally, the Chinese government may impose regulations regarding ingredients and composition of cosmetics and skincare products and these regulations may affect our ability to sell our Obagi Skincare and Milk Makeup products in the PRC.

Doing business in China exposes us to political, legal and economic risks. In particular, the political, legal and economic climate in China, both nationally and regionally, is fluid and unpredictable. Our ability to operate in China may be adversely affected by changes in U.S. and Chinese laws and regulations such as those related to, among other things, taxation, import and export tariffs, environmental regulations, land use rights, intellectual property, currency controls, network security and other matters. In addition, we or our suppliers and distributors, including Obagi Hong Kong, may not obtain or retain the requisite legal permits to continue to operate in China, and costs or operational limitations may be imposed in connection with obtaining and complying with such permits. In addition, Chinese trade regulations are in a state of flux, and we may become subject to other forms of taxation, tariffs and duties in China. Furthermore, the third parties we rely on in China may disclose our confidential information or intellectual property to competitors or third parties, which could result in the illegal distribution and sale of counterfeit versions of our products. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

The U.S. government has imposed increased tariffs on certain imports from China. We currently source important components for some Milk Makeup products from third-party suppliers in China, and, as such, current tariffs may increase the cost of such goods, which may result in lower gross margin on affected products. In any case, increased tariffs on imports from China could materially and adversely affect the business, financial condition and results of operations of our Milk Makeup business. In retaliation for the current U.S. tariffs, China has implemented tariffs on a wide range of American products. There is also a concern that the imposition of additional tariffs by the U.S. could result in the adoption of tariffs by other countries as well, leading to a global trade war. Trade restrictions implemented by the U.S. or other countries in connection with a global trade war could materially and adversely affect our business, financial condition and results of operations.

Risks Related to our Obagi Skincare Business

We are dependent on one main provider in the U.S. who is considered our customer, and the loss of the services of such a provider could have a material adverse effect on our business, financial condition and results of operations.

We sell Obagi products in the U.S. to healthcare professionals in the physician-dispensed channel through an authorized wholesale distributor (the "Physician Channel Provider"), who also serves as our only distributor with respect to sales of Obagi products to retail and spa customers in the U.S. Under this model, we ship the products to the Physician Channel Provider, which then sells the products through to Obagi's physician customers when they order them. Although the Physician Channel Provider purchases products from us for sale to our physician customers in the U.S. and to customers who purchase our products on our e-commerce platforms, we maintain control of the product inventory at their warehouse and continue to manage the relationships with the end customers, until immediately prior to the sale of the product to the end customer. As a result, control of the products does not shift to the Physician Channel Provider, and we do not recognize revenue from products sold to the Physician Channel Provider, until immediately prior to their sale to the physician or e-commerce customer. On the other hand, we recognize revenue for products sold to the Physician Channel Provider for our retail and spa customers upon transfer of the products to the Physician Channel Provider. See "Item 5. Waldencast's Operating and Financial Review and Prospects" for further information on revenue recognition for products sold to the Physician Channel Provider.

The Physician Channel Provider accounted for a significant portion of our net revenue for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period). Our agreement with the Physician Channel Provider does not contain any minimum purchase requirements. Accordingly, Obagi does not have any guarantees regarding the quantity of each of the products that Physician Channel Provider will order. Our agreement with the Physician Channel Provider expires in September 2024 we may not be able to extend the agreement on its current terms or renegotiate the terms on a commercially reasonable basis, or at all.

The Physician Channel Provider operates and manages the ordering portal for our customers, receives, warehouses and fulfills product orders, and provides customer service functions (including call center services), processes product returns, runs customer credential and credit checks, and offers invoicing, and collection, accounts receivable and chargeback services. In addition, the Physician Channel Provider holds the applicable distribution licenses to warehouse and ship prescription products in compliance with applicable laws. The failure of the Physician Channel Provider to provide the expected services on a timely basis, or at all, at the prices we expect, or the costs and disruption incurred in changing our main U.S. distributor could have a material adverse effect on our business, financial condition and results of operations.

Our Obagi Skincare business faces intense competition, in some cases from companies that have significantly greater resources than we do, which could limit our ability to generate sales and/or render our products obsolete.

The market for aesthetic and therapeutic skin health products is highly competitive and we expect the intensity of competition to increase in the future. We also expect to encounter increased competition as Obagi enters new markets and/or distribution channels, attempts to penetrate existing markets with new products and expands into new distribution channels. We may not be able to compete effectively in these markets, may face significant pricing pressure from our competitors and may lose market share to our competitors. The principal competitors for our Obagi Skincare business are large, well-established companies in the fields of pharmaceuticals, cosmetics, medical devices and health care. Our largest direct competitors include SkinCeuticals and Skinbetter Science, each a division of L'Oréal S.A., SkinMedica, Inc., a division of Allergan, Inc., ZO Skin Health, a majority of which is owned by Blackstone Tactical Opportunities, and PCA Skin and EltaMD, each a division of Colgate-Palmolive.

Our indirect competitors for Obagi Medical® products sell skincare products directly to consumers, and generally consist of large well known cosmetic companies, including, but not limited to, La Roche-Posay Laboratoire Dermatologique SAS, Dermalogica, Inc., Murad Inc. and dermatologist backed brands, such as Dr. Dennis Gross Skincare, LLC. We also face competition from medical device companies offering products to physicians that are used to enhance the skin's appearance.

Many of these competitors have significantly greater resources than we have. This enables them, among other things, to make greater investments in R&D and spread their R&D costs, as well as their marketing and promotional costs, over a broader revenue base. It is also possible that developments by our competitors could make Obagi products or technologies less competitive or obsolete. The treatment of skin conditions and the enhancement of the appearance of skin are the subjects of active R&D by many potential competitors, including major pharmaceutical companies and specialized

biotechnology firms, such as those listed above, as well as universities and other research institutions. Competitive advances may also include the potential development of new laser or radio frequency therapies to treat hyperpigmentation and photodamaged skin. While we intend to expand our technological capabilities to remain competitive, R&D by others may result in the introduction of new products by competitors that represent substantial improvements over existing Obagi products. If that occurs, sales of our existing products could decline rapidly. Similarly, if we fail to make sufficient investments in R&D programs, our current and planned products could be surpassed by more effective or advanced products developed by our competitors.

Our revenues and financial results depend significantly on sales of our Obagi Nu-Derm® products. If we are unable to manufacture or sell the Nu-Derm products in sufficient quantities and in a timely manner, or maintain physician and/or patient acceptance of Nu-Derm products, our business will be materially and adversely impacted.

To date, a substantial portion of our Obagi Skincare revenues have resulted from sales of our principal product line, the Obagi Nu-Derm System and related products. Nu-Derm products accounted for a significant portion of the total products shipped for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period). Although we currently offer other products such as Obagi-C® Rx, Professional-C®, ELASTIderm®, CLENZIderm®, and Blue Peel® products, and intend to introduce additional new products, we still expect sales of our Obagi Nu-Derm System and related products to account for a substantial portion of sales for the Obagi Skincare business for the foreseeable future. Because this business is highly dependent on Nu-Derm products, factors adversely affecting the regulation of, pricing of, or demand for, these products could have a material and adverse effect on our business.

Sales of Obagi Nu-Derm products also experience seasonality. We believe this is due to variability in patient compliance that relates to several factors such as a tendency to travel and/or engage in other disruptive activities during the summer months. Additionally, our commercial success depends in large part on our ability to sustain market acceptance of the Nu-Derm System. If existing users of our products determine that Obagi products do not satisfy their requirements, if our competitors develop a product that is perceived by patients or physicians to better satisfy their respective requirements or if state or federal regulations or enforcement actions prohibit sales of the Nu-Derm System, individual products within the system or any related products, sales of these products may decline and our total net revenue may correspondingly decline. We cannot assure you that we will be able to continue to manufacture these products in commercial quantities at acceptable costs. Our inability to do so would adversely affect our operating results and cause our business to suffer.

We are dependent on third parties to manufacture our products, which exposes us to risks we would not face if we manufactured the products ourselves, including capacity constraints, delay in product deliveries, and the inability to directly control regulatory compliance and quality assurance.

We currently outsource all of the manufacturing of Obagi products to third-party contract manufacturers (“CMOs”). We have two or more qualified CMOs for some of our key products, however, certain products, including some of our sun protection products, are currently supplied by a single source. In the event that such a sole source supplier or any of our other CMOs terminates its supply arrangement with us, experiences financial difficulties, encounters regulatory or quality assurance issues, experiences a significant disruption in supply of raw materials or components for our products or suffers any damage to its facilities, we may experience delays in securing sufficient amounts of our products, which could harm our business, reputation and relationships with customers.

Bausch Health, which formerly owned the Obagi Skincare business, is our only supplier and manufacturer of our tretinoin products. Obagi has a contract with Bausch Health that has an initial termination date in 2027. While there are several other CMOs of generic tretinoin, the termination of this agreement or any loss of services under the agreement could be difficult for us to replace on the same or similarly favorable terms.

We expect to continue to rely on third parties to produce materials required for clinical trials and for the commercial production of our Obagi products. However, there are a limited number of third-party CMOs that operate under the FDA’s current cGMPs regulations and that have the necessary expertise and capacity to manufacture our products. During the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period), we purchased a significant portion of inventory from two or three CMOs. During the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor

Period) and the year ended December 31, 2021 (Predecessor Period), we also purchased a considerable amount of inventory from a company in Japan that produces a separate line of products using the brand name Obagi under a license agreement with us, which products we purchased from them for sale in China prior to the Closing Date. In the event one of these suppliers terminates its arrangement with Obagi, it may be difficult for us to locate alternate CMOs for our anticipated future needs. If we are unable to arrange for third-party manufacturing of our Obagi products, or to do so on commercially reasonable terms, we may not be able to complete development of, market and sell new products.

Reliance on third-party CMOs entails risks to which we would not be subject if we manufactured products ourselves, including reliance on the third party for regulatory compliance and quality assurance. To the extent that any of our CMOs fails to comply with regulatory requirements or encounters quality assurance issues, we may experience an interruption in the supply of products, which could impair our customer relationships and adversely affect our business, financial condition and results of operations. In addition, reliance on third-party CMOs subjects us to the possibility of breach of the applicable manufacturing agreement by the third party, and the possibility of termination or non-renewal of the agreement by the third party. The process of transferring products to a new CMO is time consuming and can take 6 to 18 months, which could result in a delay in supply of affected products until the technical transfer is completed. Dependence upon third parties for the manufacture of our products may also reduce our profit margins and may limit our ability to develop and deliver products on a timely and competitive basis. Using third-party CMOs also entails the following risks, among others:

- the failure of the third-party to manufacture our products on schedule, or at all, including if our CMOs give greater priority to the supply of other products over our products or otherwise do not satisfactorily perform according to the terms of the agreements between us and them;
- the reduction or termination of production or deliveries, or the raising of prices or renegotiation of terms;
- the failure of third-party CMOs to comply with applicable regulatory requirements or supply chain requirements;
- raw material or labor shortages that delay production of our products;
- increases in raw material or labor costs that may adversely affect our procurement costs;
- an inability to reduce production quickly in response to changes in market demand due to binding purchase orders with the third-party CMO or the incurrence of liabilities when negotiating modifications to or cancellation of outstanding purchase orders;
- the inadvertent or intentional disclosure of our confidential information or intellectual property to competitors or other third parties; and
- the failure of a third party to produce our products according to our specifications.

The loss of a significant customer or inability of a large customer to pay invoices in accordance with agreed-upon payment terms could materially and adversely affect our business, financial condition and results of operations.

Our e-commerce partners and international distributors purchase our products directly from us. The SA Distributor, accounted for a material portion of our net revenue for the Obagi Skincare business for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period). The agreement with the SA Distributor granted the SA Distributor a right to distribute Obagi products in Vietnam, Cambodia, Laos, Myanmar and South Korea, contained minimum purchase requirements and had a term that would have expired on December 31, 2026. In January and October 2022, we executed amendments with the SA Distributor to, among other things, expand the countries within Southeast Asia in which it may distribute our products. During the COVID pandemic, the SA Distributor was not able to ship and sell products into Vietnam due to import restrictions issued by that country, and thus was unable to generate any revenue from product sales. As a result, the SA Distributor was not able to make payments on any invoices to us for several months in 2020. The SA Distributor subsequently experienced a prolonged delay from June 2022 through June 2023 (following our acquisition of Obagi Vietnam from the SA Distributor in March 2023), in obtaining relevant product licenses required to continue importing and distributing Obagi products in Vietnam. During this period, there were a number of long outstanding invoices that remained unpaid by the SA Distributor and we did not recognize any revenue on those invoices during the entirety of that period.

In connection with the restatement of our financial results for certain Predecessor Periods, we determined that revenue for product orders received from the SA Distributor should be recognized under ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”) only when the SA Distributor had paid the entire invoice for such product order in

full, which often took a prolonged period of time (several moths) to occur. See "Item 5. Waldencast's Operating and Financial Review and Prospects".

In March 2023, as part of our strategy to internalize distribution channels in key markets, certain of Obagi's subsidiaries entered into and consummated a Purchase Agreement (the "Vietnam Purchase Agreement") with Obagi Vietnam and the SA Distributor, pursuant to which, among other terms, Obagi acquired certain assets of Obagi Vietnam, from the SA Distributor and in return, the SA Distributor received forty percent (40%) of the outstanding equity of Obagi Blue Sea Holding, LLC, an indirect subsidiary of Obagi and the parent company of Obagi Vietnam. The Vietnam Purchase Agreement also provided the SA Distributor with a potential earnout payment based upon the net revenue of the business of Obagi Vietnam during the twelve months ending December 31, 2026, subject to setoff for any owed obligations. We currently do not anticipate that any such earnout payment will be payable. The SA Distributor does not currently have any active participation in the Obagi Vietnam business other than as a silent shareholder. Due to non-performance by the SA Distributor of its obligations pursuant to the Vietnam Purchase Agreement and certain other matters, we took further steps in 2023 to restructure the business of Obagi Vietnam by hiring a new local management, finance and sales team to replace the previous SA Distributor team, entering into new online and offline distribution agreements with reputable partners and re-applying for all product registrations, which were obtained in June 2023.

Historically, Obagi had also agreed to amendments in payment terms with certain customers, including the exclusive distributor of Obagi products on Amazon and Walmart e-commerce platforms in the U.S. (the "U.S. Online Marketplace Distributor"), that allowed for progress payments on invoices that resulted in a gap of more than 365 days between the shipment of products to the customer and receipt of payment in full for the invoice for such products. In such instances, a portion of the invoice to the customer was considered to constitute a financing component and a corresponding portion of the revenue attributable to the product order was recognized as interest income. See "Item 5. Waldencast's Operating and Financial Review and Prospects". In the fourth quarter of 2023, we terminated our relationship with the U.S. Online Marketplace Distributor and began selling products on Amazon directly.

We have implemented additional internal controls related to prolonged payment terms, the amendment of payment terms or deviation from agreed-upon payment terms by customers, however, we cannot assure you that we will not encounter issues with delayed payments from customers in the future. Any inability of a significant customer to maintain their payment terms with us could adversely affect our revenue, capital resources and ability to predict cash flow from operations.

We are dependent on third parties to store, distribute and deliver products to our international customers and for other essential services.

We depend on other third-party logistics providers to store and fulfill product orders from our international distributors. Obagi is not party to long-term contracts with any of these parties, and upon expiration of these existing agreements, we may not be able to renegotiate the terms on a commercially reasonable basis, or at all.

Further, these third-party providers may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions, requests, policies or objectives;
- be unable or unwilling to fulfill their obligations to comply with applicable regulations, including those regarding the distribution, storage and handling of our products;
- have financial difficulties;
- disclose our confidential information or intellectual property to competitors or third parties;
- engage in activities or employ practices that may harm our reputation; and
- work with, be acquired by, or come under control of, our competitors.

The occurrence of any of these events, alone or together, could have a material adverse effect on our business, financial condition and results of operations. In addition, such problems may require us to find new third-party service providers, and we cannot assure you that we would be successful in finding financially viable alternatives that meet our standards.

The management and oversight of the engagement and activities of our third-party service providers require substantial time and effort from our employees, and we may be unable to successfully manage and oversee such activities.

If we fail to manage our inventory of Obagi products effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

The Obagi Skincare business requires us to manage large volumes of inventory effectively. We depend on our forecasts of demand for, and popularity of, various products to make purchase decisions and to manage our inventory of stock-keeping units ("SKUs"). Demand for products, however, can change significantly between the time inventory or components are ordered and the date of sale due to the long lead times required to manufacture our products. Demand may be affected by new product launches, changes in customer preferences, demand or spending patterns, changes in product cycles and pricing, product defects and promotions. It may be difficult to accurately forecast demand and determine appropriate levels of products or components. Our ability to accurately forecast demand may be further hindered in the future as we expand the percentage of our sales made outside of the U.S. because we depend on our international distributors to provide us with forecasts for demand for our products in their respective territories.

If we or our distributors overestimate demand, our distributors may not be able to sell their existing inventory to their customers, which may affect their ability to timely pay us and their demand for products in the future. Moreover, costs of goods sold increased for the year ended December 31, 2023 (Successor Period) and in the period from July 28, 2022 to December 31, 2022 (Successor Period), in part as a result of the write-down of inventory. We may be required to recognize additional inventory write-offs and increase our reserves for product returns in future, particularly if our estimates relating to demand in certain of our markets or with respect to certain of our product lines are incorrect. On the other hand, if we or our distributors underestimate demand, we may not have sufficient inventory of products to ship to our customers. Obagi products have expiration dates that generally range from 24 to 36 months from the date of manufacture. We estimate the amount of potentially excess, dated or otherwise impaired inventories that we may have to write down. Although our estimates are reviewed quarterly for reasonableness, our product return activity could differ significantly from our estimates. Judgment is required in estimating the amount of inventory that may be written down and we rely on data from third parties, including, but not limited to, distributor forecasts and independent market research reports. The actual amounts could be different from our estimates, and differences are accounted for in the period in which they become known. If we determine that the actual amounts exceed our reserve amounts, we will record a charge to earnings to approximate the difference. A material reduction in earnings resulting from a charge would have a material adverse effect on our net income, results of operations and financial condition.

Obagi licenses intellectual property to third parties in certain international markets and our net income would be adversely affected if any of these third parties terminate or breach their license agreements.

Obagi licenses certain trademarks for the retail drug store channel in Japan to Rohto, from whom we receive royalties. We also license our trademarks and product formulas to Obagi Hong Kong, for commercialization in the China Region. Because incremental costs associated with these agreements are minimal, a material decline in licensing revenues from or termination of our relationships with Rohto and/or Obagi Hong Kong could have an adverse effect on our gross margin. In addition, the failure of Rohto, Obagi Hong Kong, or any other entity that licenses our product formulas to comply with our quality standards and other controls, could materially and adversely affect our financial condition and operating results. Our licensees or others may dispute the scope of their rights under any of these licenses. Our licensees under these licenses may breach the terms of their respective agreements. Loss or breach of any of these licenses for any reason could materially and adversely affect our financial condition and operating results. Any dispute with a licensee could be complex, expensive and time-consuming, and an outcome adverse to us could materially and adversely affect our business and impair our ability to commercialize our licensed products.

Obagi and our CMOs and suppliers license certain product and device technologies from third parties. If these licenses are breached, terminated or disputed, our ability to commercialize products dependent on these technologies and patents may be compromised.

Obagi has licensed certain products and proprietary technology for various products, including our SUZANOBAGIMD® products, Obagi Nu-Cil™ Eyelash Enhancing Serum, Obagi Nu-Cil™ Eyebrow Boosting Serum and the Skintrinsiq™ device. If one or more of the licenses that we have with the parties who own these formulas or technologies terminate, or if we violate the terms of our licenses or otherwise lose our rights to these products or technology, we may be unable to continue developing and selling the Obagi products that are covered by these licenses. Our licensors or others may dispute the scope of our rights under any of these licenses. The licensors under these licenses may breach the terms of their respective agreements or fail to prevent infringement of the licensed formulas or technology by third parties. Loss of any of these licenses for any reason could materially and adversely affect our financial condition and operating results.

Further, we purchase Obagi products from manufacturers and suppliers who have licensed patent rights to use and sell these products from third-party licensors, and if any dispute arises as to these licensed rights, the third-party licensors may bring legal actions against us, our respective licensees, suppliers, customers or collaborators, and claim damages and seek to enjoin the manufacturing and marketing of such products. In addition, if we determine that our products do not incorporate the patented technology that we have licensed from third parties, or that one or more of the patents that we have licensed are not valid, we may dispute our obligation to pay royalties to our licensors. Any dispute with a licensor could be complex, expensive and time-consuming and an outcome adverse to us could materially and adversely affect our business and impair our ability to commercialize our patent-licensed products.

Our failure to successfully in-license or acquire additional products and technologies would impair our ability to grow the Obagi Skincare business.

We intend to in-license, acquire, develop and market new products and technologies. Because we have limited internal research capabilities, our business model depends in part on our ability to license patents, products and/or technologies from third parties. The success of this strategy also depends upon our ability and the ability of our third-party formulators to formulate products under such licenses, as well as our ability to manufacture, market and sell such licensed products.

We may not be able to successfully identify any new products to in-license, acquire or internally develop. Moreover, negotiating and implementing an economically viable acquisition is a lengthy and complex process. Other companies, including those with substantially greater financial, marketing and sales resources, may compete with us for the acquisition of products or technologies. We may not be able to acquire or in-license the rights to such products on terms that we find acceptable, or at all. As a result, our ability to grow the Obagi Skincare business or increase our profits could be adversely impacted.

Obagi received a Paycheck Protection Program loan, and its application for such loan could in the future be determined to have been impermissible or could result in damage to our reputation.

In May 2020, Obagi applied for and received an unsecured $6.8 million loan under the Paycheck Protection Program (the "PPP Loan"). In June 2021, the PPP Loan was fully forgiven. The Paycheck Protection Program was established under the CARES Act, and is administered by the U.S. Small Business Administration (the "SBA"). If Obagi is later determined to have been ineligible to receive the PPP Loan or loan forgiveness, we may be subject to significant penalties, including significant civil, criminal and administrative penalties, we could be required to repay the PPP Loan in its entirety, and our reputation could suffer. A review or audit by the SBA or other government entity or claims under the U.S. False Claims Act could consume significant financial and management resources. In February 2023, we were notified by our lender that the SBA had requested additional documents relating to our PPP Loan. The lender has questioned the amount of our loan request, however, the SBA review is ongoing and we cannot determine if the SBA will ultimately challenge the PPP Loan, in which case we may be required to repay all or a portion of the loan.

Legal and Regulatory Risks That Could Adversely Impact our Obagi Skincare Business

Laws, regulations, enforcement trends or changes in existing regulations governing the formulation, manufacturing, testing, approval, distribution, marketing and sale of our over-the-counter ("OTC") and prescription drug, device and cosmetic products to consumers could harm our business.

Obagi products are subject to regulation by the FDA, FTC and comparable state, local and foreign regulatory authorities, including the European Commission, and, over time, the regulatory landscape for our products has become more complex with increasingly strict requirements. If the laws and regulations governing our products continue to change, we may find it necessary to alter some of the ways we have traditionally marketed our products to stay in compliance with applicable regulations, and this could add to the costs of our operations and have a material adverse effect on our business. To the extent federal, state, local or foreign regulatory requirements regarding consumer protection, or the ingredients, claims or safety of our products continue to change in the future, such changes could require us to reformulate or discontinue certain products, apply for new or different marketing authorizations, revise product packaging or labeling, or adjust operations and systems, any of which could result in, among other things, increased costs, delays in product launches, product returns or recalls and lower net sales, and therefore could have a material adverse effect on our business, financial condition and results of operations. Noncompliance with applicable regulations could result in enforcement action by the FDA, FTC or other regulatory authorities within or outside the U.S., including, but not

limited to, product seizures, injunctions, product recalls, and criminal or civil monetary penalties, all of which could have a material adverse effect on our business, financial condition and results of operations.

The FDCA defines cosmetics, in relevant part, as "articles intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance." The term "drug," in contrast, is defined by reference to its intended use, as "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease" and "articles (other than food) intended to affect the structure or any function of the body of man or other animals." Therefore, almost any ingested or topical or injectable product that, through its label or labeling (including Internet websites, promotional pamphlets, and other marketing material), is claimed to be beneficial for such uses will be regulated by the FDA as a drug. This definition also includes components of drugs, such as active pharmaceutical ingredients. Drug products must generally either receive premarket approval from the FDA or conform to a "monograph" for a particular drug category, as established by the FDA's OTC Drug Review process, which has been subject to recent reforms pursuant to the CARES Act. The statutory and regulatory requirements applicable to drugs are extensive and require significant resources and time to ensure compliance.

The MoCRA, enacted by Congress in late December 2022, introduced new compliance obligations for manufacturers of and other "responsible persons" who sell cosmetic products in the U.S. and significantly expanded the FDA's authority to regulate cosmetic products. Under MoCRA, companies will be obligated to adhere to new requirements for cosmetics, such as new labeling standards for specific products, safety substantiation, facility registration, product listing, adverse event reporting, compliance with cGMPs, mandatory recalls and record-keeping requirements for such products and the manufacturing facilities in which they are produced, among other things. Companies will need to be in compliance with many of the new requirements no later than July 1, 2024. MoCRA requires the FDA to issue regulations governing cGMP for cosmetic manufacturers by December 2025 and proposed rules regarding fragrance allergen labeling by June 29, 2024. Our operations could be harmed if regulatory authorities make determinations that we or our CMOs are not in compliance with regulatory requirements. We cannot assure you that the CMOs of all of our products will be able to comply with all of these new regulations in a timely manner or that they will not decide to pass the increased costs of compliance with the regulations onto us, which would increase our costs and negatively impact net income. In addition, with the exception of color additives, the FDA does not currently require premarket approval for, or premarket review of, products intended to be sold as cosmetics in the U.S., but requires substantiation of safety. However, the FDA may in the future require premarket approval or clearance of such products as well. If we or our CMOs fail to comply with applicable regulatory requirements, we could be required to take costly corrective action.

We market certain products, such as eyelash serums and chemical peels, as cosmetics (i.e., not pursuant to an FDA premarket approval or an OTC monograph) or OTC drugs, but the FDA may disagree with our determination that these products do not require FDA premarket review and approval or that they adhere to the applicable OTC monograph. We also market the Skintrisiq device for use in connection with certain of our cosmetic and OTC skin care products. We believe that, based on its intended use, the Skintrinsiq device does not meet the FDCA's definition of a medical device and have not sought FDA premarket review of this product. However, the FDA may disagree with our determination and subject the Skintrinsiq device to medical device regulations. Similar risks may apply in foreign jurisdictions where we market our products.

Any inquiry into the regulatory status of our drugs, cosmetics and related products, including the Skintrinsiq device, and any related interruption in the marketing and sale of these products could damage our reputation and image in the marketplace. In recent years, the FDA has issued warning letters to several cosmetic companies alleging improper claims regarding their cosmetic products. The FDA has also historically taken action against manufacturers of some light-emitting products used to alter or improve appearance on the grounds that those products are medical devices that require clearance or approval. If the FDA or any other regulatory authorities determine that we have made inappropriate drug or medical device claims regarding Obagi products, we could receive a warning or untitled letter, be required to modify our product claims, pay fines or penalties, or take other actions to satisfy the FDA or any other regulatory authorities. In addition, plaintiffs' lawyers have filed class action lawsuits against cosmetic companies after these companies have received FDA warning letters. We cannot assure that we will not be subject to state, federal or foreign government actions or class action lawsuits, which could harm our business, financial condition and operations.

If any of the Obagi products we intend to sell as cosmetics or for use with our cosmetic products were to be regulated as drugs or medical devices, we might be required to conduct, among other things, lengthy clinical trials to demonstrate the safety and efficacy of these products and/or submit applications to the FDA in order to obtain required marketing authorizations for such products, and we may be required to cease distribution of or recall these products until such authorizations are obtained. We may not have sufficient resources to conduct any required clinical trials or to ensure compliance with the manufacturing and distribution requirements applicable to drugs or medical devices. If the FDA or

any other regulatory authorities determine that any of our products intended to be sold as cosmetics or for use with our cosmetic products should be classified and regulated as drug products or medical devices, or were to ban or restrict the use of certain ingredients in such cosmetic products, and we are unable to comply with applicable requirements for those products, we may be unable to continue to market those products and may be subject to enforcement action.

In addition, we sell products, such as sunscreens, that are subject to the FDA's OTC drug monograph regulatory requirements. The FDA regulates the formulation, manufacturing, packaging and labeling of OTC drug products. Certain of our products, such as some of our sunscreen and acne drug products, are regulated pursuant to the FDA's OTC drug monographs that specify acceptable active drug ingredients and acceptable product claims that are generally recognized as safe and effective for particular uses. If any of these products that are marketed as OTC drugs pursuant to an OTC monograph are not in compliance with the applicable FDA monograph or the FDA changes the list of active ingredients that are covered under the monograph, we may be required to reformulate the product, stop making claims relating to such product or stop selling the product until we are able to obtain costly and time-consuming FDA approvals. We are also required to submit adverse event reports to the FDA for our OTC drug products, and failure to comply with this requirement may subject us to FDA regulatory action. Moreover, the FDA's process for establishing, amending, and finalizing monographs has recently been reformed pursuant to the CARES Act. If we do not comply, we could be subject to enforcement action, which could materially adversely affect our business.

We are also subject to FTC rules and regulations as well as state consumer protection laws. If we are unable to show adequate substantiation for our product claims, our claims are otherwise perceived to be unlawful or deceptive, our promotional materials make claims that exceed the scope of allowed claims for the classification of the specific product, or we do not adhere to certain disclosures, the FDA, the FTC or other regulatory authorities could take enforcement action or impose penalties or fines, require us to revise our marketing materials, amend our claims or stop selling certain products, all of which could harm our business, financial condition and results of operations. Any regulatory action or penalty could lead to class actions, or private parties could seek to challenge our claims even in the absence of formal regulatory actions, which could harm our business, financial condition and results of operations.

Our products may also be subject to regulation by the CPSC in the U.S. under the provisions of the Consumer Product Safety Act, as amended by the Consumer Product Safety Improvement Act of 2008. These statutes and the related regulations ban consumer products that fail to comply with applicable product safety laws, regulations and standards. The CPSC has the authority to require the recall, repair, replacement or refund of any such banned products or products that otherwise create a substantial risk of injury and may seek penalties for regulatory noncompliance under certain circumstances. The CPSC also requires manufacturers of consumer products to report certain types of information regarding products that fail to comply with applicable regulations. Certain state laws also address the safety of consumer products, and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

Moreover, new or revised government laws, regulations or guidelines could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which could have an adverse effect on our business, financial condition, results of operations and prospects. We cannot, for example, predict additional costs or other impacts of MoCRA, which among other things, requires FDA rulemaking for the implementation of key provisions.

Our products containing the active ingredient, hydroquinone, are marketed as prescription-use only drugs but have not received required premarket authorization from the FDA or other regulatory authorities, and the FDA could require us to remove these products from the market until we obtain approval of the required NDA, and we could be found to be marketing and selling these products in violation of the law.

We market Obagi products that contain hydroquinone ("HQ") on a prescription-only (i.e., not OTC) basis, and we have not sought nor obtained premarket approval from the FDA to market these products in the U.S., nor have we sought marketing authorizations in other jurisdictions. Sales of Obagi products containing HQ accounted for a significant portion of total products for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period). Although, to date, neither the FDA nor any other regulators have taken action against us for selling our prescription HQ products in the U.S. and in other jurisdictions without marketing approval, there can be no assurance the FDA or any other regulatory authorities will not take enforcement action against us, or otherwise require us to obtain premarket approval or similar authorization of our prescription HQ products, and we may be required to suspend marketing of our prescription HQ products unless and until such products are approved.

Based on the historical evolution of the legal and regulatory framework applicable to drugs in the U.S., the FDA acknowledges that there are some drugs on the market that lack required FDA approval for marketing. The FDA has historically utilized a risk-based enforcement approach with respect to drugs marketed without required approvals. In 2003, the FDA issued a Compliance Policy Guide ("CPG"), which was finalized in 2006 and subsequently amended in 2011, in which it announced a drug safety initiative to remove unapproved drugs from the market and established enforcement priorities and a policy of enforcement discretion with respect to marketed unapproved products. Under this policy, the FDA indicated that it intended to give higher priority to enforcement actions involving unapproved drug products in certain categories, including drugs with potential safety risks and ineffective drugs that could be used in lieu of effective treatments. Although this CPG was withdrawn and the drug safety initiative was terminated on the basis of a Federal Register notice in 2020, a subsequent Federal Register notice in May 2021 withdrew the prior notice terminating the program and the CPG, and the FDA indicated that it plans to continue to prioritize enforcement based on its existing general approach, which involves risk-based prioritization in light of all the facts of a given circumstance, and issue new guidance on this topic.

We believe our prescription-only HQ products do not fall within the previously established categories of unapproved drugs for which the FDA has indicated it prioritizes enforcement. We have not received any communications from the FDA or any similar regulatory authority regarding these HQ products or any of our other products. However, the FDA has issued a Warning Letter to at least one contract manufacturer of prescription-only HQ that cited and objected to another company's sale of prescription-only HQ on grounds that the product was both an unapproved drug and failed to comply with cGMPs in violation of the FDCA. In addition, although our prescription-only HQ products are made with 4% HQ, the FDA has expressed concerns regarding the safety of 2% HQ products marketed OTC. In addition, the CARES Act implemented a number of changes to regulation of OTC drugs, one of which prohibited the sale of any drug without a proposed or final Administrative Order, including HQ (at any concentration level), from being marked in the U.S. as an OTC drug without FDA approval effective September 2020. In April 2022, the FDA announced that it had issued warning letters to 12 companies for continuing to sell 2% HQ products on an OTC basis in violation of the CARES Act. The FDA's announcement also cited reports describing serious side effects associated with the use of skin lightening products containing HQ, including reports of skin rashes, facial swelling, and skin discoloration. See "Item 3. Key Information—D. Risk Factors—Risks Related to our Obagi Skincare Business—*Our products may cause adverse events or side effects, or could be associated with safety issues, that could result in recalls, withdrawals, or regulatory enforcement action. For example, the FDA has historically expressed concerns regarding the safety of HQ products, including risks for potentially serious side effects, including skin rashes, facial swelling, skin discoloration, carcinogenicity and reproductive toxicity*." Furthermore, in June and July of 2022, the FDA issued warning letters to two other manufacturers of products containing HQ. In the future the FDA may pursue an enforcement action against us or suspend marketing of our prescription HQ products until we obtain marketing approval.

If we are required to seek FDA approval or foreign authorities' authorization of these products, our attention and resources will be dedicated to the clinical development and regulatory approval processes, which will be time-consuming and very expensive. We may also not successfully obtain such approvals or may be delayed in obtaining such approvals if one of our competitors obtains approval and non-patent marketing exclusivity for the same uses for which we intend to seek approvals. In addition, if we are determined to be marketing our prescription HQ products unlawfully, or if patients experience adverse events from using our prescription HQ products, we may be required to recall or cease distribution of these products and may be subject to product liability claims or enforcement action. If we are required to suspend or cease marketing of our prescription HQ products for any reason, our business would be materially adversely affected.

In addition, even if we obtain regulatory approvals for any of our prescription HQ products, such approvals will require the submission of reports to regulatory authorities and surveillance to monitor the safety and efficacy of the product, may contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, and may include burdensome post-approval study or risk management requirements. In addition, if the FDA or foreign regulatory authorities approve our products, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our product candidates will be subject to extensive and ongoing regulatory requirements, any of which may materially increase our costs and limit our ability to maintain profitability.

The drug regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time-consuming and inherently unpredictable, and if we are required to seek and obtain any regulatory approvals that may be required

for our products, we may be unable to obtain or maintain such regulatory approvals, which would substantially harm our business.

Any products that are regulated by the FDA as drugs must generally obtain premarket approval from the FDA, unless subject to the OTC monograph process or subject to other limited exceptions. The FDA approves new drugs through the New Drug Application ("NDA") or Abbreviated New Drug Application ("ANDA") pathways before they may be legally marketed in the U.S. In the NDA pathway, an applicant must generally demonstrate through well-controlled clinical trials that a drug is safe and effective for its intended uses. The Hatch-Waxman Act established the ANDA pathway, which is an abbreviated FDA approval procedure for drugs that are shown to be bioequivalent to proprietary drugs previously approved by the FDA through its NDA pathway. Premarket applications for generic drugs are termed "abbreviated" because such applications generally do not include preclinical and clinical data to demonstrate safety and effectiveness. Instead, an ANDA applicant must demonstrate that its product is bioequivalent to the innovator drug. In certain situations, an applicant may obtain ANDA approval of a generic drug with a strength or dosage form that differs from a referenced innovator drug pursuant to the filing and approval of an ANDA Suitability Petition. Similar requirements apply in foreign jurisdictions.

Certain Obagi products, including our tretinoin-based products, are marketed pursuant to an ANDA held by Bausch Health or dispensed under the category of unlicensed medicines in the United Kingdom (the "U.K."). However, we have not sought or obtained FDA premarket approval or foreign regulatory authorities' authorization for any of our products. The time required to obtain approval by the FDA and comparable foreign authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the applicable regulatory authorities. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions.

The FDA or any foreign regulatory authorities can delay, limit or deny approval or require us to conduct additional nonclinical or clinical testing or abandon a program for, among others, the following reasons:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of any clinical trials we may be required to conduct;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a product is safe and effective for its proposed indication or bioequivalent to a listed drug;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- serious and unexpected drug-related adverse events experienced by participants in our clinical trials or by individuals using drugs similar to our products;
- we may be unable to demonstrate that a product's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials may not be acceptable or sufficient to support the submission of an NDA, ANDA or other submission or to obtain regulatory approval in the U.S. or elsewhere, and we may be required to conduct additional clinical studies;
- the FDA's or the applicable foreign regulatory authority may disagree regarding the formulation, labeling and/or the specifications of our products;
- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third-party CMOs with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for any approvals.

The lengthy approval process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approvals to market our products, which could significantly harm our business, results of operations and prospects.

Changes in laws, regulations, enforcement trends in international markets could harm our business.

In the EU, cosmetics are subject to notification through the Cosmetic Products Notification Portal by the company responsible for placing them on the EU market. A cosmetic is defined as "any substance or mixture intended to be placed in contact with the external parts of the human body (epidermis, hair, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance, protecting them, keeping them in good condition or correcting body odours." Consequently, a product is notably considered to be a cosmetic if it is presented as protecting the skin, maintaining the skin in good condition or improving the appearance of the skin, provided that it is not a medicinal product due to its composition or intended use. In the EU, the composition of a cosmetic may not be such that it has a significant effect on the body through a pharmacological, immunological or metabolic mode of action. No test has been determined yet for the significance of the effect. Indeed, by contrast, a medicinal product is defined as "any substance or combination of substances presented as having properties for treating or preventing disease in human beings; or any substance or combination of substances which may be used in or administered to human beings either with a view to restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action, or to making a medical diagnosis." A similar position was adopted by the U.K. following Brexit.

In many countries, including the U.S., EU, Canada, Australia and Japan, where HQ is regulated as a drug and requires a prescription, we have not sought nor obtained regulatory approval to distribute our HQ products, and instead offer our Nu-Derm Fx and Obagi-C Fx solutions, which contain the skin brightening agent arbutin, for these markets. The effects of arbutin on the skin could be attributed to their gradual hydrolysis and release of HQ. In the EU, the safety of alpha- and beta-arbutin has been previously assessed by the European Commission's Scientific Committee on Consumer Products ("SCCS") in 2015 and 2008 respectively, which concluded that the use of alpha-arbutin is safe for consumers in cosmetic products in a concentration up to 2% in face creams and up to 0.5% in body lotions, and the use of beta-arbutin is safe for consumers in cosmetic products in a concentration up to 7% in face creams provided that the contamination of hydroquinone in the cosmetic formulations remain below 1 ppm. Nevertheless, the SCCS highlighted in both opinions that a potential combined use of HQ releasing substances in cosmetic products has not been evaluated. HQ is listed in Annex II to the Cosmetic Regulation, which means that, with certain exceptions not applicable to us, HQ is a prohibited cosmetic ingredient in the EU. In the last couple of years, concerns have been raised within the European Commission on the HQ content, its release, as well as on the aggregate exposure from cosmetic products containing alpha-arbutin and/or beta-arbutin. This led to additional consultation with the SCCS and resulted in the identification of a number of issues in the previous submissions, in particular the stability and dermal absorption of alpha-arbutin and/or beta-arbutin, the release rate of HQ and the aggregate exposure calculation from cosmetics exposure.

Following this, a call for data was launched from July 2020 to April 2021 during which interested parties were asked to contribute with data/information relevant to the stability of alpha- and beta-arbutin, their dermal absorption, the HQ release rate (including biotransformation) and the aggregate exposure. On March 15 and March 16, 2022, the SCCS issued its preliminary opinion on the safety of alpha-arbutin and beta-arbutin in cosmetic products dated March 15-16, 2022, the SCCS considered that it cannot conclude on the safety of alpha-arbutin (when used in face creams up to a maximum concentration of 2% and in body lotions up to a maximum concentration of 0.5%) or beta-arbutin (when used in face cream up to a maximum concentration of 7%) because not all relevant scientific data which are required for the safety assessment, e.g., data on the degradation/metabolism of arbutin when exposed to the skin microbiome/enzymes and the release and final fate of HQ, are available.

On January 31, 2023, the SCCS issued its final opinion. The main conclusions in this opinion were:

(i) alpha-arbutin used in face creams up to a maximum concentration of 2% and in body lotions up to a concentration of 0.5% is safe, also when used together;

(ii) beta-arbutin used in face creams up to a maximum concentration of 7% is safe;

(iii) hydroquinone should remain as low as possible in formulations containing alpha-or beta-arbutin and should not be higher than the unavoidable traces in both arbutins. In the new studies, submitted by the applicant, 3ppm was the Limit of Quantification for hydroquinone and 1ppm for the Limit of Detection;

(iv) aggregate exposure of alpha-arbutin (2% in face cream and 0.5% in body lotion with beta-arbutin (7% in face cream)) are considered safe.

No amendments were made to the EU Cosmetics Regulation prohibiting or restricting the use of alpha- and/or beta-arbutin following this final opinion. Further, to the best of our knowledge, no such amendments to the Cosmetics Regulations are planned to be made in the near future. In addition, Obagi's arbutin products are permitted to be sold in the Asia-Pacific region countries in which Obagi distributes such products. Any changes in the regulatory and safety opinions of the applicable regulatory authorities could significantly harm our business, results of operations and prospects.

In addition, some countries may impose import or export restrictions that limit or temporarily halt our ability to import products to some of the international regions in which we distribute products in response to pandemics, natural disasters, geopolitical issues or regulatory compliance issues. For instance, in response to the COVID-19 pandemic, certain South Asian countries including Vietnam imposed restrictions on imports from countries that were deemed at high risk for the disease and our SA Distributor was unable to import products into Vietnam for several months as a result. Subsequently, in June 2022, the SA Distributor experienced a delay in obtaining renewals of licenses from the Vietnam drug administration to distribute products into that country, which prohibited its ability to import our products into Vietnam until such licenses were obtained in June 2023. Similarly, in response to the ongoing conflict between Russian and Ukraine, the U.S. president adopted executive orders that prohibit the import of various products, including ours, into the Russian Federation. While our net sales into that territory are not material, it is possible that other countries in which we have more significant sales may become involved in the conflict and similar executive orders may be issued in the future.

Our products may cause adverse events or side effects, or could be associated with safety issues, that could result in recalls, withdrawals, or regulatory enforcement action. For example, the FDA has historically expressed concerns regarding the safety of HQ products, including risks for potentially serious side effects, including skin rashes, facial swelling, skin discoloration, carcinogenicity and reproductive toxicity.

Adverse events or other undesirable side effects caused by our products could cause us or regulatory authorities to issue warnings about our products or could lead to recalls or regulatory enforcement action. For example, our HQ products could be subject to enforcement action and/or recalls based on the FDA's concerns regarding OTC HQ-based products. Specifically, in August 2006, the FDA issued a proposed rule that cited certain preclinical evidence suggesting that HQ may be a carcinogen, if orally administered, may present fertility risks and may be related to a skin condition called ochronosis, which results in the darkening and thickening of the skin and the appearance of small bumps and grayish-brown spots, after use of concentrations as low as 1 to 2 percent. The FDA also concluded that it could not rule out the potential carcinogenic risk from topically applied HQ. Accordingly, the FDA recommended that additional studies be conducted to determine if there is a risk to humans from the use of HQ. The FDA nominated HQ for further study by the National Toxicology Program (the "NTP"), and in December 2009, the NTP Board of Scientific Counselors approved the nomination and has been conducting studies related to HQ.

Obagi Nu-Derm Clear, Blender and Sunfader products, and the Obagi-C Rx C-Clarifying Serum and Obagi-C Rx C-Night Therapy Cream products, which are part of Obagi's prescription-based Obagi-C Rx Systems, contain HQ at 4% concentration. Until the completion of the NTP studies, the FDA recommended classifying OTC (nonprescription) skin-bleaching drug products, including HQ, as not generally recognized as safe and effective ("GRASE"), as misbranded, and as new drugs within the meaning of the FDCA, meaning that such products would need to be approved through the NDA pathway in order to be legally marketed in the U.S.

Although this proposed rule was never finalized, in March 2020, Congress passed the CARES Act, which among other things, amended the FDCA to incorporate FDA's proposed rulemaking with respect to OTC drugs into final OTC monograph determinations. In particular, the CARES Act deemed any OTC drugs that were identified as not GRASE in the FDA's most recent proposed rulemaking for such OTC drugs to be "new drugs" and misbranded within the meaning of the FDCA, meaning that as of September 23, 2020, such drugs required an approved drug application before they could be lawfully marketed. As a result, products containing HQ were prohibited from being marketed in the U.S. as OTC drug products without an approved NDA. Subsequently, in April 2022, the FDA announced that it had issued warning letters to 12 companies for continuing to sell 2% HQ products on an OTC basis in violation of the CARES Act. The FDA's announcement also cited reports describing serious side effects associated with the use of skin lightening products containing HQ, including reports of skin rashes, facial swelling, and skin discoloration. Furthermore, in June and July of 2022, the FDA issued warning letters to two manufacturers of products containing HQ after conducting facility inspections.

While the legal framework with respect to HQ products marketed OTC does not directly affect the regulatory status of our prescription-only HQ products, the FDA's cited concerns regarding the safety of HQ in OTC products at

concentrations as low as 1% or 2% could nevertheless trigger regulatory scrutiny of our prescription-only HQ products. To the extent that the FDA were to determine that our prescription-use only HQ products present safety concerns, the FDA could determine that the products should be recalled, and such determination could trigger the FDA to require marketing authorization for these products based on the FDA's established enforcement priorities for drugs marketed without an approved NDA. See "Item 3. Key Information—D. Risk Factors—Risks Related to our Obagi Skincare Business—*Our products containing the active ingredient, hydroquinone, are marketed as prescription-use only drugs but have not received required premarket authorization from the FDA or other regulatory authorities, and the FDA could require us to remove these products from the market until we obtain approval of the required NDA, and we could be found to be marketing and selling these products in violation of the law*."

If our products are associated with undesirable side effects or adverse events, a number of potentially significant negative consequences could result, including, but not limited to:

- regulatory authorities may suspend, limit or withdraw approvals of such products (to the extent subject to such approvals), or seek an injunction against its manufacture or distribution;
- regulatory authorities may require warnings or issue safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings or other safety information about the products;
- we may be required to change the way the products are administered or conduct clinical trials;
- we may be subject to fines, injunctions or the imposition of criminal penalties;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could seriously harm our business.

Regulations could prohibit physicians from dispensing Obagi prescription-only products directly or through their e-commerce websites.

In our primary market, the U.S., we market prescription-only Obagi products and systems directly to physicians to dispense in their offices. Although several of our systems contain prescription-strength HQ products and we sell different strengths of tretinoin, all of which require a prescription, our products are not currently available in pharmacies. Certain states, including Massachusetts, Montana, New Hampshire, New York and Texas, prohibit physicians from dispensing prescription products without a pharmacy or other license or authorization, permitting physicians to dispense such products only in certain limited circumstances. For these states Obagi offers alternate products under our Obagi Nu-Derm Fx and Obagi-C Fx product lines that contain the skin brightening ingredient arbutin rather than 4% HQ.

The State of Texas and Puerto Rico, as well as certain credit card authorization vendors, have taken action against physician customers who sell Obagi prescription products to patients over the Internet, questioning whether these practices are consistent with such states' pharmacy licensure and physician dispensing rules and requiring them to either obtain the proper licenses or to cease selling our prescription products through their e-commerce sites. Most of these physicians ceased selling the prescription products online, offering them only in office to patients, and/or chose to sell our alternate arbutin products online instead. These actions did not have a material impact on our sales or net revenue. However, in the future there may be additional states that take similar enforcement actions against our customers. In the event that occurs, affected customers may be unable to continue selling our prescription-strength products over the Internet or at all, or be required to incur additional costs to obtain the required licensure to be able to dispense the products, which may discourage such customers from continuing to purchase them. Moreover, in the event state regulations change or the interpretation of existing regulations change that limit or prohibit the ability of physicians to dispense prescription products directly to patients in their offices, or limit or prevent our ability to distribute products directly through physicians, patients may be unable to obtain our prescription-strength products, as they are not currently available in pharmacies, which would have a material effect on our business and on both customers' and patients' ability to purchase HQ products.

Our ability to commercially distribute Obagi products may be significantly harmed if we or our CMOs fail to comply with applicable laws and regulations.

We do not currently have the infrastructure or internal capability to manufacture our products. We rely, and expect to continue to rely, on third-party CMOs for the production of Obagi prescription and OTC drug, device and cosmetic products. Our products and the facilities in which they are manufactured are generally subject to regulation under the

FDCA and FDA implementing regulations, state laws and comparable regulatory frameworks in foreign markets. Federal, state and foreign authorities may inspect the facilities of our CMOs periodically to determine if we and our CMOs are complying with applicable provisions of the FDCA, FDA and foreign regulations.

Manufacturing facilities for drug products are required to comply with the FDA's cGMPs and with similar requirements outside the U.S., which require manufacturers to maintain, among other things, stringent vendor qualifications, ingredient identification procedures, manufacturing controls and record keeping processes. Following the passage of the MoCRA, the FDA is required to promulgate additional regulations relating to cGMPs for cosmetics by December 29, 2025. Subsequently, compliance with such cGMP requirements will become mandatory for manufacturers of cosmetic products. If the FDA finds a violation of cGMPs, it may enjoin our CMOs operations, seize our products, restrict importation of goods, or impose administrative, civil or criminal penalties, among other things. In addition to the new cGMP requirements, cosmetic manufacturing and processing facilities are required to be registered with FDA. The MoCRA also requires manufacturers and responsible persons to list their cosmetic products with FDA and to report serious adverse events associated with the use of their cosmetic products in the U.S. to the FDA. Adulterated or misbranded cosmetic products will be subject to recalls that are mandated by FDA, similar to medical devices. Our operations could be harmed if regulatory authorities make determinations that our CMOs are not in compliance with these regulations as they take effect. We cannot assure you that the CMOS of all of our products will be able to comply with all of these new regulations in a timely manner or that they will not decide to pass the increased costs of having to comply with the regulations onto us, which would increase our costs and negatively impact net income. In addition, FDA regulations prohibit or otherwise restrict the use of certain ingredients in cosmetic products. Similar or stricter requirements may apply in foreign jurisdictions. For instance, in the EU, cosmetic products must be manufactured in compliance with good manufacturing practice and EU regulations equally prohibit or otherwise restrict the use of certain ingredients in cosmetic products, including tretinoin.

We rely on third parties to manufacture Obagi products in accordance with our specifications and in compliance with applicable laws and regulations, including the MoCRA and FDA guidelines and applicable cGMPs or similar requirements for drug products. Compliance with these standards can increase the cost of manufacturing our products as we work with our vendors to assure they are qualified and in compliance. For our tretinoin-based products, which we distribute pursuant to an ANDA held by Bausch Health or which we dispense under the category of unlicensed medicines in the U.K., we also rely on our contract manufacturers to maintain appropriate regulatory clearances or approvals, or otherwise qualify for exemptions from FDA premarket review requirements for such products.

We do not have complete control over all aspects of the manufacturing process of, and are dependent on, our contract manufacturing partners for compliance with cGMP and similar regulations. Our contract manufacturing partners may be found in violation of applicable requirements, which could have a material adverse effect on us and our business. If we or our CMOs fail to comply with these applicable standards, laws, and regulations, it could lead to customer complaints, adverse events, product withdrawal or recall, or increase the likelihood that our products are rendered adulterated or misbranded, any of which could result in negative publicity, remedial costs, or regulatory enforcement that could impact our ability to continue selling certain products.

Our failure, or the failure of our CMOs, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products and harm our business and results of operations.

Increasing governmental efforts to regulate the pharmaceutical supply chain may prevent the distribution of our prescription drug products in interstate commerce and increase our costs and reduce our profitability.

In the United States, the Drug Supply Chain Security Act ("DSCSA"), added sections in the FDCA that require manufacturers, repackagers, wholesale distributors, dispensers, and third-party logistics providers to take steps to identify and trace certain prescription drugs to protect against the threats of counterfeit, diverted, stolen, contaminated, or otherwise harmful products in the supply chain. The DSCSA regulates the distribution of prescription drugs and requires the production of documentation tracking and tracing prescription drugs at the saleable unit level through the distribution system. The DSCSA requires that this documentation be transferred electronically and must enable interoperable electronic product tracing at the package level as of November 2023, though the FDA does not intend to take action to enforce requirements for the interoperable, electronic, package level product tracing until November 27, 2024. The DSCSA also requires manufacturers and repackagers to affix or imprint a unique product identifier on product packages in both a human-readable and machine-readable data carrier. The DSCSA also establishes several requirements relating to

the verification of product identifiers. Further, under this legislation, affected companies have product investigation, quarantine, disposition, and notification responsibilities related to counterfeit, diverted, stolen, and intentionally adulterated products that would result in serious adverse health consequences or death to humans, as well as products that are the subject of fraudulent transactions or which are otherwise unfit for distribution such that they would be reasonably likely to result in serious health consequences or death. Prescription drug products subject to the DSCSA may only be transferred to licensed purchasers.

Failure to comply with the DSCSA requirements or with additional similar governmental regulatory and licensing requirements may result in suspension or delay of certain operations and additional costs to bring our operations into compliance. Our international operations may also be subject to local regulations containing record-keeping and other obligations related to our distribution operations in those locations. Complying with the DSCSA requirements, and other chain of custody and pharmaceutical distribution requirements, including follow-on actions in the wake of public concern over the abuse of opioid medications, could result in suspension or delays in our production and distribution activities which may increase our costs and could otherwise adversely affect our results of operations.

Failure to obtain regulatory approvals or to comply with regulations in foreign jurisdictions would prevent us from marketing our products internationally.

A key part of the growth strategy for our Obagi Skincare business is to expand the sale of Obagi products in international markets. To market our products in many non-U.S. jurisdictions, we must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. In some countries, we do not have to obtain prior regulatory approval but do have to comply with other regulatory restrictions on the manufacture, importation, distribution, marketing and sale of our products. We may be unable to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market.

The approval procedure varies among countries and can involve additional testing and data review. The time required to obtain approval in non-U.S. jurisdictions may differ from that required to obtain FDA approval and could be lengthy. For instance, in June 2022, the SA Distributor encountered a prolonged delay in obtaining required approvals from the drug administration in Vietnam, which prevented it from importing and selling our products into the country. After the acquisition of Obagi Vietnam, Obagi Vietnam applied for and finally received the required approvals to distribute Obagi products in that country in June 2023.

The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. In addition, many countries from time to time evaluate the regulatory status of various products and ingredients. We may not obtain foreign regulatory approvals on a timely basis, if at all, or may choose not to implement a country's labeling requirements if to do so would have a negative impact on our international or domestic operations. If any of our products receives FDA approval, such approvals do not ensure approval by regulatory agencies in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory agencies in other foreign countries or by the FDA. The failure to obtain any required approvals could materially harm our business.

In some jurisdictions, the entity that obtains approval from the applicable regulatory authority must be a domestic company. In those cases, we are required to rely on the distributor in such country to obtain the appropriate regulatory approvals, which subjects us to additional risks, such as their potential inability to effectively obtain and maintain required regulatory approvals. Furthermore, in the event that an exclusive distributor in a country terminates its agreement with us, it may not be able to transfer the approvals to a successor that we appoint, and we may face significant delays in our ability to import products to that country while the new distributor applies for the appropriate approvals, which it may not be able to obtain.

In the U.K., certain of Obagi products may be deemed medicinal products and therefore subject to regulation by the Medicines and Healthcare products Regulatory Agency ("MHRA") under the medicines regime. We have not obtained a marketing authorization for such products in the U.K., however the U.K.'s Human Medicines Regulations 2012 allow for supply of medicinal products that have not been authorized for marketing to patients with special needs at the request of the healthcare professional responsible for the treatment of individual patients. Obagi's tretinoin products are currently supplied in the U.K. under the category of an unlicensed medicine or "special." Unlicensed medicines should not, however, be supplied where an equivalent licensed medicinal product can meet special needs of the patient. The responsibility for deciding whether an individual patient has "special needs," that a licensed product cannot meet, is a matter for the healthcare professional. Examples of "special needs" include an intolerance or allergy to a particular ingredient, or an inability to ingest solid oral dosage forms. The MHRA has a wide range of enforcement powers and

failure to comply with regulatory restrictions or obtain regulatory approvals if required could harm our business. If the MHRA were to decide that our products do not meet the "specials" requirements, we may need to cease supply of these products and obtain a marketing authorization in the U.K.

In addition, if foreign regulatory authorities were to ban or restrict the use of certain ingredients in cosmetic products, and we are unable to comply with the applicable requirements and regulations for those products, we may be unable to continue to market those products and may be subject to enforcement action.

If we fail to comply with governmental regulations, we could face substantial penalties and our business, financial condition and results of operations could be adversely affected.

The healthcare industry in and outside the U.S. is heavily regulated and closely scrutinized by federal, state, local and foreign authorities. Although our offerings are not currently covered by any commercial third-party payor or government healthcare program, our business activities may nonetheless be subject to regulation and enforcement by the U.S. Department of Justice, the Department of Health and Human Services and other federal, state and foreign governmental authorities. Federal, state and foreign laws and regulations that may affect our ability to conduct business include, without limitation:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease, order, or arranging for or recommending the purchase, lease or order of, any item or service, for which payment may be made, in whole or in part, under federal healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- federal civil and criminal false claims laws and civil monetary penalty laws, such as the federal False Claims Act, which impose criminal and civil penalties and authorize civil whistleblower or qui tam actions, against individuals or entities for, among other things: knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent; making a false statement or record material to a false or fraudulent claim or obligation to pay or transmit money or property to the federal government; or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act, manufacturers can be held liable under the False Claims Act even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims;
- the Civil Monetary Penalties Law, which prohibits, among other things, an individual or entity from offering remuneration to a federal healthcare program beneficiary that the individual or entity knows or should know is likely to influence the beneficiary to order or receive healthcare items or services from a particular provider any item or service for which payment may be made by the federal healthcare program;
- the criminal healthcare fraud provisions of HIPAA and related rules that prohibit knowingly and willfully executing a scheme or artifice to defraud any healthcare benefit program or falsifying, concealing or covering up a material fact or making any material false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- the federal Physician Payment Sunshine Act, which requires certain manufacturers of drugs, devices, biologicals, and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program to report annually to the Centers for Medicare & Medicaid Services under the Open Payments Program, information related to payments or other transfers of value made to teaching hospitals, physicians (as defined by statute) and certain non-physician practitioners including physician assistants and nurse practitioners, as well as ownership and investment interests held by physicians and their immediate family members;
- federal consumer protection and unfair competition laws, which broadly regulate platform activities and activities that potentially harm consumers; and
- state and foreign law equivalents of each of the above federal laws, such as anti-kickback, self-referral and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers, and self-pay patients.

In addition HIPAA, as amended by HITECH, and their respective implementing regulations, which impose requirements on certain covered healthcare providers, health plans, and healthcare clearinghouses as well as their respective business associates that perform services for them that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security and transmission of individually identifiable health information, may apply to us in certain circumstances. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. Achieving and sustaining compliance with these laws may prove costly. The risk of our being found in violation of these laws and regulations is increased by the fact that many of them have not been fully interpreted by regulatory authorities or the courts, and their provisions are sometimes complex and open to a variety of interpretations. Failure to comply with these laws and other laws can result in significant penalties, including, without limitation, administrative, civil and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of operations, integrity oversight and reporting obligations and exclusion from participation in federal, state and foreign healthcare programs and imprisonment. Our failure to accurately anticipate the application of these laws and regulations to our business or any other failure to comply with regulatory requirements could create liability for us and negatively affect our business. In addition, any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and result in adverse publicity, or otherwise result in a material adverse effect on our business, results of operations, financial condition, cash flows and/or reputation.

Risks Related to our Milk Makeup Business

The loss of a significant reseller could materially and adversely affect the business, financial condition and results of operations for our Milk Makeup business.

In the U.S., Sephora accounted for a large majority of net revenue for our Milk Makeup business during the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period). Our contract with Sephora does not require them to purchase any minimum amount of Milk Makeup products. In addition, in line with industry practice, our contract with Sephora allows Sephora to terminate with no prior notice. Accordingly, they could reduce their purchasing levels or cease buying products from us at any time and for any reason. The loss of our relationship with Sephora or any of our other distributors could have a material and adverse impact on our future operating results. If we lose a significant reseller or if sales of our products to a significant retailer materially decrease, it could have a material adverse effect on our business, financial condition and results of operations.

Because a high percentage of our sales are made through our retailers, our results are subject to risks relating to the general business performance of our retailers, with significant exposure to Sephora. Factors that adversely affect our retailers' businesses could also have a material adverse effect on our business, financial condition and results of operations. These factors may include:

- any reduction in consumer traffic and demand at our retailers as a result of economic downturns, pandemics or other health crises, changes in consumer preferences or reputational damage as a result of, among other developments, data privacy breaches, regulatory investigations or employee misconduct;
- any disruption to their ability to properly receive, deliver, service, promote or market the Milk Makeup brand and products;
- any credit risks associated with the financial condition of our retailers; and
- the effect of consolidation or weakness in the retail industry or at certain retailers, including store closures and the resulting uncertainty.

The cosmetics industry is highly competitive, and if we are unable to compete effectively, our results will suffer.

Milk faces vigorous competition from companies throughout the world, including large multinational consumer products companies that have many cosmetics brands under ownership and standalone beauty and cosmetics brands, including those that may target the latest trends or specific distribution channels. Competition in the cosmetics industry is based on the introduction of new products, pricing of products, quality of products, quality of packaging, brand

awareness, perceived value and quality, innovation, distribution and in-store presence and visibility, promotional activities, advertising, editorials, e-commerce and mobile commerce initiatives and other activities. We must compete with a high volume of new product introductions and existing products by diverse companies across several different distribution channels.

Many multinational consumer companies have greater financial, technical or marketing resources, longer operating histories, greater brand recognition or larger customer bases than we do and may be able to respond more effectively to changing business and economic conditions than we can. Our competitors may attempt to gain market share by offering products at prices at or below the prices at which our products are typically offered, including through the use of large percentage discounts. Competitive pricing may require us to reduce our prices, which would decrease our profitability or result in lost sales. Our competitors, many of whom have greater resources than we do, may be better able to withstand these price reductions and lost sales. Our competitors may also leverage their scale for advantageous in-store support at retailers or for advantages in procuring raw materials or using up capacity at CMOs or warehouses that we cannot replicate given our size.

It is difficult for us to predict the timing and scale of our competitors' activities in these areas or whether new competitors will emerge in the cosmetics industry. In recent years, numerous online, "indie" and influencer-backed cosmetics companies have emerged and garnered significant followings. In addition, further technological breakthroughs, including new and enhanced technologies that increase competition in the online retail market, new product offerings by competitors and the strength and success of our competitors' marketing programs may impede our growth and the implementation of our business strategy.

Our ability to compete also depends on the continued strength of the Milk brand and products, the success of our marketing, innovation and execution strategies, the continued diversity of our product offerings, the successful management of new product introductions and innovations, strong operational execution, including in order fulfillment, and our success in entering new markets and expanding our business in existing geographies. If we are unable to continue to compete effectively, it could have a material adverse effect on our business, financial condition and results of operations.

The Milk Makeup business has a history of net losses and may experience future operating losses.

Milk Makeup has a history of net losses and may not be able to establish profitable operations. The Milk Makeup business reported net losses of $5.7 and $13.8 million during the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period), respectively. Our Milk Makeup business may incur additional operating losses in the future. Furthermore, our strategic plan will require a significant investment in product development, sales, marketing, personnel, technology and administrative programs, which may not result in the accelerated net revenue growth that we anticipate for this business. As a result, there can be no assurance that this business will ever generate substantial net revenue or achieve or sustain profitability.

Milk's new product introductions may not be as successful as we anticipate.

The cosmetics industry is driven in part by beauty trends, which may shift quickly. The continued success of our Milk Makeup business depends on our ability to anticipate, gauge and react in a timely and cost-effective manner to changes in consumer preferences for cosmetics products, consumer attitudes toward the cosmetics industry and brand and where and how consumers shop for and use these products. We must continually work to develop, produce and market new products, maintain and enhance the recognition of the Milk brand, maintain a favorable mix of products and develop our approach as to how and where we market and sell our products.

We have an established process for the development of our new products. Nonetheless, each new product launch involves risks, as well as the possibility of unexpected consequences. For example, the acceptance of new product launches and sales to our retailers may not be as high as we anticipate due to factors such as lack of acceptance of the products themselves or their price, or limited effectiveness of our marketing strategies. In addition, our ability to launch new products may be limited by delays or difficulties affecting the ability of our suppliers or CMOs to timely manufacture, distribute and ship new products. We may also experience a decrease in sales of certain existing products as a result of newly launched products. Any of these occurrences could delay or impede our ability to achieve our sales objectives, which could have a material adverse effect on our business, financial condition and results of operations.

Any damage to our reputation or the Milk brand or dilution of our brand's uniqueness may materially and adversely affect our business, financial condition and results of operations.

We believe that developing and maintaining Milk's unique brand position and strong reputation is critical and that the financial success of the Milk Makeup business is directly dependent on consumer perception of our brand. Furthermore, the importance of brand recognition and perceived uniqueness may become even greater as competitors offer more products similar to our products.

Milk has relatively low brand awareness among consumers when compared to other cosmetics brands and maintaining and enhancing the recognition and reputation of our brand is critical to our business and future growth. Many factors, some of which are beyond our control, are important to maintaining Milk's reputation and brand. These factors include our ability to comply with ethical, social, product, labor and environmental standards. Any actual or perceived failure in compliance with such standards could damage Milk's reputation and brand.

The growth of our brand depends largely on our ability to provide a high-quality consumer experience, which in turn depends on Milk's ability to bring innovative products to the market at competitive prices that respond to consumer demands and preferences. Additional factors affecting our consumer experience include a reliable and user-friendly website interface and mobile applications for our consumers to browse and purchase products on our e-commerce website. If we are unable to preserve our reputation, enhance our brand recognition or increase positive awareness of our products and Internet platforms, it may be difficult for us to maintain and grow the consumer base for Milk Makeup products, and our business, financial condition and results of operations may be materially and adversely affected.

The success of our brand may also suffer if our marketing plans or product initiatives do not have the desired impact on our brand's image or our ability to attract consumers. Further, our brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about Milk products, our failure to maintain the quality of our products, product contamination, the failure of our products to deliver consistently positive consumer experiences, or our products becoming unavailable to consumers.

The Milk Makeup business may experience declines in average selling prices, which may decrease our net sales.

Milk Makeup may experience a reduction in the average selling price of its products for a myriad of reasons, including, but not limited to, voluntary introduction of price reductions or consumer rebate programs, competition, customer demand and shifts in geographic, channel or product mix to lower priced products. Additionally, in response to current global economic conditions, we may find we need to discount the price our Milk products to facilitate sales in uncertain times. If any of the foregoing were to occur, the net sales, operating income and net income of our Milk Makeup business may be reduced.

We rely on a number of third-party suppliers, distributors and other vendors for our Milk Makeup business, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction and require us to find alternative suppliers of our products.

We use multiple third-party suppliers based in the U.S. and overseas to source substantially all of our Milk Makeup products. Certain of these third-party suppliers manufacture components and packaging while other third-party suppliers will fill and assemble the products. We engage our third-party suppliers on a purchase order basis and are not party to long-term contracts with any of them. The ability of these third parties to supply our products may be affected by competing orders placed by other companies and their demands. If we experience significant increases in demand or need to replace a significant number of existing suppliers, we cannot assure you that additional supply capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier will allocate sufficient capacity to us in order to meet our requirements.

We are dependent on a limited number of suppliers for certain components that are integral to our finished products. If these or other suppliers encounter financial, operating or other difficulties or if our relationship with them changes, we may be unable to quickly establish or qualify replacement sources of supply and we could face production interruptions, delays and inefficiencies. In addition, technology changes by our vendors could disrupt access to required manufacturing capacity or require expensive, time-consuming development efforts to adapt and integrate new equipment or processes. Our growth may exceed the capacity of one or more of these suppliers to produce the needed equipment and materials in sufficient quantities to support our growth. Any one of these factors could harm our business and growth prospects.

In addition, quality control problems or supply chain issues, such as the use of ingredients and delivery of products that do not meet our quality control standards and specifications or comply with applicable laws or regulations, including the Controlled Substances Act and the FDCA, could harm our business. We cannot assure you that our CMOs will continue to meet all requirements of the new FDA regulations promulgated under the MoCRA, in which case we will need to seek qualified alternatives that may not be available or available on terms acceptable to us. Any quality control or supply chain problems could result in regulatory action, such as restrictions on importation, legal prohibitions on the sale of Milk Makeup products or other penalties, or result in products of inferior quality or product stock outages or shortages, harming our sales and creating inventory write-downs for unusable products.

To deepen our market penetration and raise awareness of our brand and products, we have increased the amount we spend on marketing activities, which may not ultimately prove successful or an effective use of our resources.

To increase awareness of our Milk Makeup products and services domestically and internationally, we have increased, and plan to continue to increase, the amount we spend on marketing activities. Our marketing efforts and costs are significant and include national and regional campaigns involving outdoor media, social media, additional placements and alliances with strategic partners. We attempt to structure our advertising/marketing campaigns in ways we believe most likely to increase brand awareness and adoption; however, our campaigns may not achieve the returns on advertising spend desired or successfully increase brand or product awareness sufficiently to sustain or increase our growth goals, which could have an adverse effect on our gross margin and business overall.

We rely heavily on a third-party agency and direct sales forces to sell Milk Makeup products in the U.S. and internationally, and any failure to train and maintain our third-party agency and direct sales forces could harm our business.

Our ability to sell Milk Makeup products and generate revenues depends in part upon a third-party agency and direct sales forces within the U.S. and internationally. We do not have any long-term employment contracts with our third-party agency and direct sales forces and the loss of the services provided by these key personnel may harm our business. In order to provide more comprehensive sales and service coverage, we continue to increase the size of the sales force for the Milk Makeup business to pursue growth opportunities within and outside of our existing geographic markets. To adequately train new representatives to successfully market and sell our products and for them to establish strong customer relationships takes time. As a result, our net revenues, our gross margin and ability to maintain market share could be materially harmed if we are unable to (a) retain our third-party agency and direct sales personnel, (b) quickly replace them with individuals of equivalent technical expertise and qualifications if they leave, (c) successfully instill technical expertise in new and existing sales representatives, or (d) establish and maintain strong relationships with our customers.

Legal and Regulatory Risks That Could Adversely Impact our Milk Makeup Business

New laws, regulations, enforcement trends or changes in existing regulations governing the introduction, marketing and sale of Milk Makeup products to consumers could harm our business.

Our Milk Makeup products are subject to regulation by the FDA, the FTC, the CPSC, and comparable state, local and foreign regulatory authorities, including the European Commission, and over time, the regulatory landscape for our products has become more complex with increasingly strict requirements. There has been an increase in regulatory activity and activism in the U.S. and abroad, including the adoption of the MoCRA, which significantly expanded the FDA's enforcement authorities over cosmetics products and imposes new obligations on the cosmetics industry, including requirements relating to cGMP, labeling, safety substantiation, facility registration and product listing with the FDA, adverse event reporting and recordkeeping, among others. Pursuant to MoCRA, the FDA promulgated several regulations relating to cosmetics, which companies must be in compliance with no later than July 1, 2024, and will adopt additional regulations in 2024, including cGMP requirements that will be finalized on December 29, 2025. As a result, the regulatory landscape for Milk Makeup products is becoming more complex with increasingly strict requirements. If this trend continues, we may find it necessary to alter some of the ways we have traditionally manufactured and marketed Milk Makeup products to stay in compliance with a changing regulatory landscape, and this could add to the costs of our operations and have an adverse impact on our business. To the extent federal, state, local or foreign regulatory changes regarding consumer protection, or the ingredients, claims or safety of our products, occurs in the future, they could require us to reformulate or discontinue certain of our products, revise the product packaging or labeling, change the manufacturers at which our products are made, or adjust operations and systems, any of which could result in, among other things, increased costs, delays in product launches, product returns or recalls and lower net sales, and therefore

could have a material adverse effect on the business, financial condition and results of operations of our Milk Makeup business. Noncompliance with applicable regulations could result in enforcement action by regulatory authorities within or outside the U.S., including, but not limited to, warning letters, import restrictions, product seizures, injunctions, product recalls and criminal or civil monetary penalties, all of which could have a material adverse effect on our business, financial condition and results of operations.

In the U.S., with the exception of color additives, the FDA does not currently require pre-market approval for products intended to be sold as cosmetics but does not require safety substantiation. However, the FDA may in the future require pre-market approval, clearance or registration/notification of cosmetic products. Moreover, such products could also be regulated as both drugs and cosmetics simultaneously, as the categories are not mutually exclusive. The statutory and regulatory requirements applicable to drugs are extensive and require significant resources and time to ensure compliance. For example, if any of our products intended to be sold as cosmetics were to be regulated as drugs, we might be required to conduct, among other things, clinical trials to demonstrate the safety and efficacy of these products. We may not have sufficient resources to conduct any required clinical trials or to ensure compliance with the manufacturing requirements applicable to drugs. If the FDA determines that any of our products intended to be sold as cosmetics should be classified and regulated as drug products and we are unable to comply with applicable drug requirements, we may be unable to continue to market those products. Any inquiry into the regulatory status of our cosmetics and any related interruption in the marketing and sale of these products could damage our reputation and image in the marketplace.

In recent years, the FDA has issued warning letters to several cosmetic companies alleging improper claims regarding their cosmetic products, including improper drug claims. If the FDA determines that we have made inappropriate drug claims regarding our products intended to be sold as cosmetics, we could receive a warning or untitled letter, be required to modify our product claims or take other actions to satisfy the FDA, including the recall of products from the market. In addition, plaintiffs' lawyers have filed class action lawsuits against cosmetic companies after receipt of these types of FDA warning letters. There can be no assurance that we will not be subject to state and federal government actions or class action lawsuits, which could harm our business, financial condition and results of operations.

Our products are also subject to regulation by the CPSC in the U.S. under the provisions of the Consumer Product Safety Act, as amended by the Consumer Product Safety Improvement Act of 2008. These statutes and the related regulations ban from the market consumer products that fail to comply with applicable product safety laws, regulations and standards. The CPSC has the authority to require the recall, repair, replacement or refund of any such banned products or products that otherwise create a substantial risk of injury, and may seek penalties for regulatory noncompliance under certain circumstances. The CPSC also requires manufacturers of consumer products to report certain types of information to the CPSC regarding products that fail to comply with applicable regulations. Certain state laws also address the safety of consumer products, and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

Our products and facilities are subject to regulation by federal and state regulators.

Our products and the facilities in which they are manufactured are generally subject to regulation under the FDCA and the FDA implementing regulations and state laws. The FDA or state authorities may inspect any or all of our CMOs' facilities periodically to determine if such facilities comply with the FDCA and FDA regulations and state laws. In addition, our facilities for manufacturing OTC drug products must comply with the FDA's cGMP that require our CMOs to maintain, among other things, good manufacturing processes, including stringent vendor qualifications, ingredient identification, manufacturing controls and record keeping.

Pursuant to MoCRA, the FDA also is required to promulgate regulations relating to cGMPs for cosmetics. In addition to cGMP requirements, cosmetic manufacturing and processing facilities are required to be registered with FDA. MoCRA also requires manufacturers and responsible persons to list their cosmetic products with FDA and to report serious adverse events associated with the use of their cosmetic products in the U.S. to the FDA. Adulterated or misbranded cosmetic products will be subject to recalls that are mandated by FDA, similar to medical devices. In addition, FDA regulations prohibit or otherwise restrict the use of certain ingredients in cosmetic products. Similar or stricter requirements may apply in foreign jurisdictions. For instance, in the EU, cosmetic products must be manufactured in compliance with good manufacturing practice and EU regulations equally prohibit or otherwise restrict the use of certain ingredients in cosmetic products, including tretinoin.

We rely on third parties to manufacture Milk products in accordance with our specifications and in compliance with applicable laws and regulations, including the MoCRA and FDA cosmetic guidelines and applicable cGMPs and other

requirements for drug products. Compliance with these standards can increase the cost of manufacturing our products as we work with our vendors to assure they are qualified and in compliance. We do not have complete control over all aspects of the manufacturing process of, and are dependent on, our contract manufacturing partners for compliance with cGMP and similar regulations. Our contract manufacturing partners may be found in violation of applicable requirements, which could have a material adverse effect on us and our business. If we or our CMOs fail to comply with these applicable standards, laws, and regulations, it could lead to customer complaints, adverse events, product withdrawal or recall, or increase the likelihood that our products are rendered adulterated or misbranded, any of which could result in negative publicity, remedial costs, or regulatory enforcement that could impact our ability to continue selling certain products.

Our failure, or the failure of our CMOs, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our product candidates or drugs and harm our business and results of operations.

The FDA, FTC or particular states may ultimately prohibit or limit the sale of some or all cosmetics containing U.S. hemp and U.S. hemp-derived ingredients, including cannabidiol ("CBD") and other cannabinoids.

Under the Agricultural Improvement Act of 2018, the FDA has retained authority over drugs, cosmetics and other FDA-regulated products that contain U.S. hemp and U.S. hemp-derived ingredients, and cannabinoids, including CBD, even if those products are not otherwise controlled substances regulated by the Drug Enforcement Administration ("DEA"). The FDA has consistently taken the position that CBD, whether derived from U.S. hemp or U.S. Schedule I cannabis, is prohibited from use as an ingredient in food and dietary supplements. With regard to cosmetics, the FDA has stated that ingredients not specifically addressed by regulation must nonetheless comply with all applicable requirements, and no ingredient – including cannabis or a cannabis-derived ingredient – can be used in a cosmetic if it causes the product to be adulterated or misbranded in any way.

To date, the FDA and FTC have issued warning letters to companies that, in many cases, asserted that the manufacturer made unsubstantiated health claims regarding CBD, or sold CBD products in a form that appeals to children. In addition, the FTC has entered into settlements with companies to resolve claims that those companies made unsubstantiated health claims to market their CBD products. Until the FDA and FTC formally adopt regulations with respect to CBD or other U.S. hemp-derived cannabinoid products or announce an official position with respect to CBD or other U.S. hemp-derived cannabinoid products in cosmetic products, there is a risk that the FDA or FTC could take enforcement action against us in respect of U.S. hemp-derived cosmetic products, such as some of our KUSH and Hydro products, sold in the U.S.

In addition, the FDA could in the future take the position that our cosmetic products are intended for use in diagnosing, treating, mitigating or preventing disease or for use in affecting the structure or any function of the body and, therefore, seek to regulate our cosmetic products containing U.S. hemp-derived ingredients under its authorities for drug products. Though we do not market our cosmetics containing U.S. hemp-derived ingredients as drugs, the FDA could still assert that the products are intended for use as drugs, including based on the understood or presumed physical effects of cannabinoids. Thus, we may not have the ability to successfully respond to such allegations simply by modifying labeling or advertising claims. If we cannot or elect not to comply with the onerous regulatory requirements applicable to FDA-regulated drugs, we could be prevented from producing, marketing and selling cosmetic products containing U.S. hemp-derived ingredients, including CBD or other cannabinoids.

Moreover, states have retained regulatory authority through their own analogues to the FDCA and the states may diverge from the federal treatment of the use of U.S. hemp in cosmetic products. The FDA or applicable states may ultimately not permit the sale of products containing U.S. hemp-derived ingredients, including CBD and other cannabinoids, which could have a material adverse effect on our business, financial condition and results of operations.

Government regulations and private party actions relating to the marketing and advertising of our products and services may restrict, inhibit or delay our ability to sell our products and harm our business.

Governmental authorities, including the FTC, regulate advertising and product claims regarding the performance and benefits of our products. These regulatory authorities typically require a reasonable basis to support any marketing claims. What constitutes adequate substantiation can vary widely from market to market, and there is no assurance that the efforts

that we undertake to support our claims will be deemed adequate for any particular product or claim. A significant area of risk for such activities relates to improper or unsubstantiated claims about our products and their use or safety. If we are unable to show adequate substantiation for our product claims, or our promotional materials make claims that exceed the scope of allowed claims for the classification of the specific product, the FDA, the FTC or other regulatory authorities could take enforcement action or impose penalties, such as monetary consumer redress, requiring us to revise our marketing materials, amend our claims or stop selling certain products, all of which could harm our business, financial condition and results of operations. Any regulatory action or penalty could lead to class actions, or private parties could seek to challenge our claims even in the absence of formal regulatory actions, which could harm our business, financial condition and results of operations.

Risks Related to the Business & Wellness Industry

Any damage to our reputation or brands may materially and adversely affect our business, financial condition and results of operations.

We believe that developing and maintaining our brands is critical and that our financial success is directly dependent on consumer perception of our brands. Furthermore, the importance of brand recognition may become even greater as competitors offer more products similar to ours.

Many factors, some of which are beyond our control, are important to maintaining our reputation and the Obagi and Milk brands. These factors include our ability to comply with ethical, social, product, labor and environmental standards, which have become increasingly important to consumers. Any actual or perceived failure in compliance with such standards could damage our reputation and brands. The growth of our brands depends largely on our ability to provide a high-quality consumer experience, which in turn depends on our ability to bring innovative, effective products to the market at competitive prices that respond to consumer demands and preferences. If we are unable to preserve our reputation, enhance our brand recognition or increase positive awareness of our products, it may be difficult for us to maintain and grow our consumer base, and our business, financial condition and results of operations may be materially and adversely affected.

The success of our brands may also suffer if our marketing plans or product initiatives do not have the desired impact on our brands' image or our ability to attract consumers. Further, our brand value could diminish significantly due to a number of factors, including consumer perception that our products are not safe or that we have acted in an irresponsible manner, adverse publicity about our products, our failure to maintain the quality of our products, product contamination, the failure of our products to deliver consistently positive consumer experiences, or the products becoming unavailable to consumers.

Our success depends, in part, on the quality, efficacy and safety of our products.

Any loss of confidence on the part of consumers in the ingredients used in our Obagi Skincare or Milk Makeup products, whether related to product contamination or product safety or quality failures, actual or perceived, or inclusion of prohibited ingredients, could tarnish the image of the applicable brand and could cause consumers to choose other products. Allegations of contamination or other adverse effects on product safety or suitability for use by a particular consumer, even if untrue, may require us to expend significant time and resources responding to such allegations and could, from time to time, result in a recall of a product from any or all of the markets in which the affected product was distributed. Any such issues or recalls could negatively affect our profitability and brand image.

If any of our products are found or perceived to be defective or unsafe, or if they otherwise fail to meet consumers' expectations, our relationships with consumers could suffer, the appeal of our brands could be diminished, we may need to recall some of our products and/or become subject to regulatory action and we could lose sales or market share or become subject to boycotts or liability claims. In addition, third parties may sell counterfeit versions of some of our products. These counterfeit products may pose safety risks, may fail to meet consumers' expectations, and may have a negative impact on our business. Any of these outcomes could result in a material adverse effect on our business, financial condition and results of operations.

The design, development, manufacture and sale of our products involve the risk of product liability and other claims by consumers and other third parties, and our insurance may be insufficient to cover any such claims.

The design, development, manufacture and sale of skincare and cosmetic products involves an inherent risk of product liability claims and the associated adverse publicity. A product may be safe for the general population when used as directed but could cause an adverse reaction for a person who has a health condition or allergies, or who is taking a prescription medication. If we discover that any of our products are causing adverse reactions, we could suffer adverse publicity or regulatory/government sanctions. We regularly monitor the use of our products for trends or increases in reports of adverse events or product complaints. In some, but not all, cases, an increase in adverse event reports may be an indication that there has been a change in a product's specifications or efficacy. Such changes could lead to a recall of the product in question or, in some cases, increases in product liability claims related to the product in question.

In addition, potential product liability risks may arise from the testing, manufacture and sale of our Obagi Skincare and/or Milk Makeup products, including that any of the products fail to meet quality or manufacturing specifications, contain contaminants, include inadequate instructions as to their proper use, include inadequate warnings concerning side effects and interactions with other substances or for persons with health conditions or allergies, or cause adverse reactions or side effects. Product liability claims could increase our costs, and adversely affect our business, financial condition and results of operations. As we continue to offer an increasing number of new products, our product liability risk may increase. In the past, plaintiffs have received substantial damage awards from other cosmetic and drug companies based upon claims for injuries allegedly caused by the use of their products. Although we currently maintain general liability and product liability insurance, any claims brought against us may exceed our existing or future insurance policy coverage or limits. In addition, there may be liability risks, including, without limitation, product liability risks, for which we do not maintain or procure insurance coverage or for which the insurance coverage may not cover or be adequate. To the extent that any judgment against us that is in excess of our policy limits or is not covered by our insurance policies, the judgment would have to be paid from our cash reserves, which would reduce our capital resources. In addition, we may be required to pay higher premiums and accept higher deductibles in order to secure adequate insurance coverage in the future. Further, we may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. Any product liability claim or series of claims brought against us could harm our business significantly, particularly if a claim were to result in adverse publicity or damage awards that are in excess of our insurance policy limits or not covered, in whole or in part, by our insurance policies.

We could also be subject to a variety of other types of claims, proceedings, investigations and litigation initiated by government agencies or third parties. Such claims or proceedings could include those related to compliance matters, product regulation or safety, taxes, employee benefit plans, employment discrimination, health and safety, environmental, antitrust, customs, import/export, government contract compliance, financial controls or reporting, intellectual property, allegations of misrepresentation, false claims or false statements, commercial claims, claims regarding promotion of our products and services, shareholder derivative suits or other similar matters. Negative publicity, whether accurate or inaccurate, about the efficacy, safety or side effects of our products or the type of products we make, whether involving us or a competitor, could materially reduce market acceptance of our products, cause consumers to seek alternatives to our products, result in product withdrawals and cause our stock price to decline. Negative publicity could also result in an increased number of product liability claims, whether or not these claims have a basis in scientific fact. Any such claims, proceedings, investigations or litigation, regardless of the merits, might result in substantial costs, restrictions on product use or sales, or otherwise injure our business.

Use of social media may materially and adversely affect our reputation or subject us to fines or other penalties.

We rely to a large extent on our online presence to reach consumers, and we, along with our e-commerce partners, retailers and distributors, offer consumers the opportunity to rate and comment on our products on their websites. Negative commentary or false statements regarding us or our products may be posted on these e-commerce websites or social media platforms and may harm our reputation or business. Our target consumers often value readily available information and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate without affording us an opportunity to redress or correct the information. In addition, we may face claims relating to information that is published or made available through the interactive features of our e-commerce website. For example, we may receive third-party complaints that the comments or other content posted by users on our platforms infringe third-party intellectual property rights or otherwise infringe the legal rights of others. While the Communications Decency Act and Digital Millennium Copyright Act generally protect online service providers from claims of copyright infringement or other legal liability for the self-directed activities of its users, if it were determined that we did not meet the relevant safe harbor requirements under either law, we could be exposed to claims related to

advertising practices, defamation, intellectual property rights, rights of publicity and privacy, and personal injury torts. We could incur significant costs investigating and defending such claims and, if we are found liable, significant damages. If any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

We also use third-party social media platforms as marketing tools. For example, Obagi and Milk maintain Snapchat, Facebook, TikTok, Instagram and/or YouTube accounts. As e-commerce and social media platforms continue to rapidly evolve, we must continue to maintain a presence on these platforms and establish a presence on new or emerging popular social media platforms. If we are unable to cost-effectively use social media platforms as marketing tools, our ability to acquire new consumers and our financial condition may suffer. Furthermore, as laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could subject us to regulatory investigations, class action lawsuits, liability, fines or other penalties and could have a material adverse effect on our business, financial condition and results of operations.

In addition, an increase in the use of social media for product promotion and marketing may cause an increase in the burden on us to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations.

A disruption in the operations of any of our freight carriers or higher shipping costs could cause a decline in our net revenues or a reduction in our earnings.

We are dependent on commercial freight carriers to deliver our products both within the U.S. and internationally. If the operations of these carriers are disrupted for any reason, we may be unable to timely deliver our products to our customers. If we cannot deliver our products on time and cost effectively, our customers may choose competitive offerings, causing our net revenues and gross margins to decline, possibly materially. In a rising fuel cost environment, our freight costs may increase. In addition, we earn an increasingly larger portion of our net revenues from international sales. International sales carry higher shipping costs, which could negatively impact our gross margin and results of operations. If freight costs materially increase and we are unable to pass that increase along to our customers for any reason or otherwise offset such increases in our cost of sales, our gross margin and financial results could be adversely affected.

A disruption in our operations could materially and adversely affect our business.

As a company engaged in distribution on a global scale, our operations, including those of our third-party suppliers, brokers and delivery service providers, are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes, disruptions in information systems, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters, pandemics (such as the COVID-19 pandemic), border disputes, acts of terrorism and other external factors over which we and our third-party suppliers, brokers and delivery service providers have no control. The loss of, or damage to, the manufacturing facilities or distribution centers of our third-party suppliers, brokers and delivery service providers could materially and adversely affect our business, financial condition and results of operations.

We depend heavily on contracted third-party delivery service providers to deliver our products to our distribution facilities and logistics retailers, and from there to our customers, distributors and/or retailers. Interruptions to or failures in these delivery services could prevent the timely or successful delivery of our products. These interruptions or failures may be due to unforeseen events that are beyond our control or the control of our third-party delivery service providers, such as inclement weather, natural disasters or labor unrest. If our products are not delivered on time or are delivered in a damaged state, retailers and customers may refuse to accept our products and have less confidence in our services.

Our ability to meet the needs of our customers depends on the proper operation of our third-party distribution facilities, where most of our inventory that is not in transit is housed. Our insurance coverage may not be sufficient to cover the full extent of any loss or damage to our inventory or distribution facilities, and any loss, damage or disruption of the facilities, or loss or damage of the inventory stored there, could materially and adversely affect our business, financial condition and results of operations.

Foreign currency exchange rate fluctuations and restrictions on the repatriation of cash could adversely affect our results of operations, financial position and cash flows.

Our business is exposed to fluctuations in exchange rates. Although our reporting currency is the U.S. dollar, we operate in different geographical areas and transact in a range of currencies in addition to the U.S. dollar, such as the British pound, the Canadian dollar, the Chinese yuan, the EU euro and the Vietnamese dong. As a result, movements in exchange rates may cause our revenue and expenses to fluctuate, impacting our profitability, financial position and cash flows. Future business operations and opportunities, including our planned expansion of our business outside the U.S., may further increase the risk that cash flows resulting from these activities may be adversely affected by changes in currency exchange rates. In the event we are unable to offset these risks, there could be a material adverse effect on our business and operations. In appropriate circumstances where we are unable to naturally offset our exposure to these currency risks, we may enter into derivative transactions to reduce such exposures. Even where we implement hedging strategies to mitigate foreign currency risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications. Nevertheless, exchange rate fluctuations may either increase or decrease our revenues and expenses as reported in U.S. dollars. Moreover, foreign governments may restrict transfers of cash out of the country and control exchange rates. There can be no assurance that we will be able to repatriate earnings generated, or cash held, by us and our subsidiaries due to exchange control restrictions or the requirements to hold cash locally to meet regulatory solvency requirements. This could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Technology and Cyber Security

We are dependent on information technology systems and infrastructure; if we, or the third parties we rely on, fail to protect sensitive information of our consumers and information technology systems against security breaches, it could damage our reputation and brand and substantially harm our business.

We rely to a large extent on our information technology systems and infrastructure, which may be the subject of breakdowns, malicious intrusion and attacks. We rely on these networks and systems to market and sell our products, process electronic and financial information, assist with sales tracking and reporting, manage a variety of business processes and activities and comply with regulatory, legal and tax requirements. We are also increasingly dependent on a variety of information systems and third-party partners to effectively process consumer orders from our e-commerce websites for Obagi Skincare and Milk Makeup products. A key component of our growth strategy entails expanding our e-commerce efforts both in the U.S. and internationally. Our e-commerce websites serve as an effective extension of our marketing strategies by introducing potential new consumers to our brands, product offerings, retailers and enhanced content. Due to the increasing importance of our e-commerce operations, we are vulnerable to website downtime and other technical failures. Our failure to successfully respond to these risks in a timely manner could reduce e-commerce sales and damage our brands' reputations. We collect, maintain, transmit and store data about our customers, suppliers and others, including personal data, financial information, such as consumer payment information, as well as other confidential and proprietary information important to our business. We also frequently employ third-party service providers that collect, store, process and transmit personal data, and confidential, proprietary and financial information on our behalf, such as credit card processing vendors and logistics providers, and as a result a number of third-party vendors may or could have access to our confidential information. If our third-party service providers fail to protect their information technology systems and our confidential and proprietary information, we may be vulnerable to disruptions in service and unauthorized access to our confidential or proprietary information and we could incur liability and reputational damage.

We have in place certain technical and organizational measures to maintain the security and safety of critical proprietary, personal, employee, customer and financial data that we continue to maintain and upgrade to industry standards. However, advances in technology, the increasing ingenuity of criminals, new exposures via cryptography, acts or omissions by our employees, contractors or service providers or other events or developments could result in a compromise or breach in the security of confidential or personal data. Further, attacks upon information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives and expertise. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. We may also experience security breaches that may remain undetected for an extended period. We and our service providers may not be able to prevent third parties, including criminals, competitors or others, from breaking into or altering our systems, disrupting business operations or communications infrastructure through denial-of-service attacks, attempting to gain access to our systems, information or monetary funds through phishing or social engineering campaigns, installing viruses or malicious software on our e-commerce websites or mobile applications or devices used by

our employees or contractors, or carrying out other activity intended to disrupt our systems or gain access to confidential or sensitive information in our or our service providers' systems. We may also face increased cybersecurity risks due to our reliance on Internet technology and the number of our employees who are working remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. If a material security breach were to occur, our reputation and brands could be damaged, and we could be required to expend significant capital and other resources to alleviate problems caused by such breaches, including exposure of litigation or regulatory action and a risk of loss and possible liability.

Payment methods used on our e-commerce websites subject us to third-party payment processing-related risks.

We accept payments from our consumers using a variety of methods, including online payments with credit cards and debit cards issued by major banks, payments made with gift cards processed by third-party providers and payment through third-party online payment platforms such as Afterpay. We also rely on third parties to provide payment processing services. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower our profit margins. We may also be subject to fraud and other illegal activities in connection with the various payment methods we offer, including online payment options and gift cards. Transactions on our e-commerce websites and mobile applications are card-not-present transactions, so they present a greater risk of fraud. Criminals are using increasingly sophisticated methods to engage in illegal activities such as unauthorized use of credit or debit cards and bank account information. Requirements relating to consumer authentication and fraud detection with respect to online sales are complex. We may ultimately be held liable for the unauthorized use of a cardholder's card number in an illegal activity and be required by card issuers to pay charge-back fees. Chargebacks result not only in our loss of fees earned with respect to the payment, but also leave us liable for the underlying money transfer amount. If our chargeback rate becomes excessive, card associations also may require us to pay fines or refuse to process our transactions. In addition, we may be subject to additional fraud risk if third-party service providers or our employees fraudulently use consumer information for their own gain or facilitate the fraudulent use of such information. Overall, we may have little recourse if we process a criminally fraudulent transaction.

If we fail to adopt new technologies or adapt our e-commerce website and systems to changing consumer requirements or emerging industry standards, our business may be materially and adversely affected.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our information technology networks and systems, including our e-commerce websites. Our competitors are continually innovating and introducing new products to increase their consumer base and enhance user experience. As a result, to attract and retain consumers and compete in the skincare and cosmetic markets, we must continue to invest resources to enhance our information technology and improve our existing products and services for our consumers. The Internet and the online retail industry are characterized by rapid technological evolution, changes in consumer requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. The development of our e-commerce websites and other proprietary technology entails significant technical and business risks. There can be no assurance that we will be able to properly implement or use new technologies effectively or adapt our e-commerce websites and systems to meet consumer requirements or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions or consumer requirements, whether for technical, legal, financial or other reasons, our business, financial condition and results of operations may be materially and adversely affected.

Our business is subject to complex and evolving U.S. and foreign laws and regulations regarding privacy and data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any failure or perceived failure to comply could result in claims, changes to our business practices, monetary penalties or increased costs of operations, or otherwise could harm our business.

We are subject to a variety of laws and regulations in the U.S. and abroad regarding privacy and data protection, some of which can be enforced by private parties or government entities and some of which provide for significant penalties for noncompliance. Such laws and regulations govern the collection, use, disclosure, retention, and security of personal information, such as information that we may collect in connection with sales on our e-commerce websites or during clinical trials of our products. Implementation standards, interpretations and enforcement practices are likely to

remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or perception of their requirements may have on our business. This evolution may create uncertainty in our business, affect our ability to operate in certain jurisdictions or to collect, store, transfer, use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, or result in additional liability for us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulation, our internal policies and procedures or our contracts governing our processing of personal information could result in negative publicity, claims by third parties, government investigations and enforcement actions, including injunctions, fines and/or criminal penalties if we knowingly obtain or disclose individually identifiable health information from a covered entity in a manner that is not authorized or permitted by HIPAA or applicable state laws, any of which could have a material adverse effect on our operations, financial performance and business.

In the U.S., numerous federal and state laws and regulations, including federal and state health information privacy laws, state data breach notification laws, and federal and state consumer protection laws that govern the collection, use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our collaborators and third-party providers. For example, the California Consumer Privacy Act (the "CCPA"), which went into effect on January 1, 2020, creates individual privacy rights for California consumers, including the right to opt out of certain disclosures of personal information, increases the privacy and security obligations of entities handling certain personal information, and also establishes significant penalties for noncompliance. The CCPA also provides for a private right of action for data breaches, which is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. Additionally, in November 2020, California voters passed the California Privacy Rights Act (the "CPRA"). The CPRA, which went into effect on January 1, 2023, significantly expands the CCPA, including by introducing additional obligations such as data minimization and storage limitations, granting additional rights to consumers such as correction of personal information and additional opt-out rights and creating a new entity, the California Privacy Protection Agency, to implement and enforce the law. The CPRA may require us to modify our data collection or processing practices and policies, cause us to incur substantial costs and expenses to comply, and increase our potential exposure to regulatory enforcement and/or litigation. Other U.S. states have also enacted or are considering enacting stricter data privacy laws. For example, in March 2021, Virginia enacted the Virginia Consumer Data Protection Act and, in March 2022, Utah enacted the Utah Consumer Privacy Act, comprehensive privacy statutes that are similar to the CCPA and CPRA.

Further, the FTC and many state Attorneys General continue to enforce federal and state consumer protection laws against companies for online collection, use, dissemination and security practices that appear to be unfair or deceptive. For example, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

We are also subject to rapidly evolving data protection laws, rules and regulations in foreign jurisdictions. For example, the EU's General Data Protection Regulation 2016/679 (the "EU GDPR") and the U.K. General Data Protection Regulation and the U.K.'s Data Protection Act 2018 (the "U.K. GDPR"; and together with the EU GDPR, the "GDPR") governs certain collection and other processing activities involving personal data about data subjects in the European Economic Area ("EEA") and U.K. respectively. The U.K. GDPR is likely to be subject to divergence from the EU GDPR over time. Among other things, the GDPR imposes requirements regarding the security of personal data and the rights of data subjects to access and delete personal data, requires having lawful bases on which personal data can be processed, includes requirements relating to the consent of individuals to whom the personal data relates (such consent relates to the lawful processing of personal data under the GDPR and is distinct from others consents obtained from individuals in connection with clinical trial participation), requires detailed notices for clinical trial participants and investigators and regulates transfers of personal data from the EEA to third countries that have not been found to provide adequate protection to such personal data, including the U.S. (and these restrictions have heightened in light of recent case law and regulatory guidance). In addition, the EU GDPR imposes substantial administrative fines for breaches and violations ranging from €10.0 million to €20.0 million or 2% to 4% of our annual global revenue, whichever is higher and the U.K. GDPR imposes separate and additional fines ranging from £8.7 million to £17.5 million or 2% to 4% of total worldwide annual revenue, whichever is higher. The GDPR also confers a private right of action on data subjects to lodge complaints with supervisory authorities, seek judicial remedies (including data subject-led class actions and injunctions) and obtain compensation for damages resulting from violations of the GDPR.

We are also subject to EEA and U.K. rules with respect to cross-border transfers of personal data outside of the EEA and U.K. to third countries. The GDPR generally prohibits the transfer of EEA and U.K. personal data to third countries whose laws do not ensure an adequate level of protection, unless a valid data transfer mechanism has been implemented or an Article 49 GDPR derogation applies. Legal developments in the EEA and U.K. have created complexity and uncertainty regarding transfers of personal data. As supervisory authorities issue further guidance on personal data transfer mechanisms, transfer risk assessments, and supplementary measures for the security of transferred personal data or start taking enforcement action, we could be subject to additional costs, complaints or regulatory investigations or fines, or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we operate our business and could harm our business, financial condition and results of operations. In October 2022, President Biden signed an Executive Order on "Enhancing Safeguards for United States Signals Intelligence Activities" which introduced new binding safeguards to address the concerns raised by the Court of Justice of the European Union in its *Schrems II* judgement. Although this Executive Order is intended to form the basis of a new EU-US Data Privacy Framework (the "Framework"), the Framework is still in development and its route to implementation remains uncertain. In June 2021, the European Commission published a new set of modular standard contractual clauses (the "New SCCs"). The New SCCs must be used for all relevant transfers of personal data outside the EEA (since December 2022) and organizations must ensure that all new and existing contracts involving the transfer of personal data outside the EEA contain New SCCs. Although the European Commission adopted an adequacy decision for the U.K. in June 2021 allowing the continued flow of personal data from the EEA to the U.K., this decision will automatically expire in June 2025 unless the European Commission re-assesses and renews or extends that decision. The decision will be regularly reviewed by the European Commission going forward and may be revoked if the U.K. diverges from its current data protection laws and the European Commission deems the U.K. to no longer provide adequate protection of personal data.

In March 2022, the U.K. implemented its own U.K.-specific international data transfer agreement ("IDTA") and addendum to the New SCCs ("U.K. Addendum"). For all contracts involving transfers of U.K.-originated data entered into after September 2022, organizations that transfer U.K. personal data are required to use the IDTA, or the New SCCs together with the U.K. Addendum. Existing contracts involving transfers of U.K.-originated data relying on standard contractual clauses must be migrated to the IDTA, or the New SCCs together with the U.K. Addendum by March 2024. The cross-border data transfer landscape in the EEA and U.K. is continually developing, and we are monitoring these developments. We may, in addition to other impacts, experience additional costs associated with increased compliance burdens and be required to engage in new contract negotiations with third parties that aid in processing data on our behalf or localize certain data. We may experience reluctance or refusal by current or prospective European customers to use our products, and we may find it necessary or desirable to make further changes to our handling of personal data of EEA and U.K.-based data subjects.

The cross-border data transfer landscape globally (including in the EEA, U.K. and U.S.) is continually evolving, and other countries outside of Europe have enacted or are considering enacting cross-border data transfer restrictions and laws requiring data localization, which may affect our ability to process or transfer personal data from Europe or elsewhere. Inability to import personal data to the U.S. may significantly and negatively impact our business.

Regulators in the EEA and the U.K. are increasingly focusing on compliance with requirements in cookies and tracking technologies and the online behavioral advertising ecosystem, with a notable rise in enforcement activity from supervisory authorities across the EEA in relation to cookies-related violations, resulting in significant fines as supervisory authorities increasing adopt a fact-based approach. National laws in the EEA that implement the ePrivacy Directive are likely to be replaced by the ePrivacy Regulation, which, though still in development, will if adopted, impose new obligations on the use of personal data in the context of electronic communications, particularly in relation to online tracking technologies and direct marketing, and will significantly increase fines for noncompliance, although it will not have effect in the U.K. In the U.K., it is possible that we will be subject to separate and additional legal regimes with respect to ePrivacy, which may result in further costs and may necessitate changes to our business practices. The GDPR requires opt-in, informed consent for the placement of cookies on a customer's device, and imposes conditions on obtaining valid consent (e.g., a prohibition on prechecked consents). Increased regulation of cookies tracking technologies and online behavioral advertising may lead to broader restrictions and impairments on our online activities, including our ability to identify and potentially target users, lead to substantial costs, require significant systems changes, negatively impact our efforts to understand our customers and subject us to additional liabilities.

Compliance with existing, not yet effective, and proposed privacy and data protection laws and regulations can be costly and can delay or impede our ability to market and sell our products, affect our ability to conduct business through websites and mobile applications we and our partners may operate, require us to modify or amend our information

practices and policies, change and limit the way we use consumer information in operating our business, increase our operating costs, or require significant management time and attention. Failure to comply could result in negative publicity or subject us to inquiries or investigations, claims or other remedies, including significant fines and penalties, or demands that we modify or cease existing business practices. We may also face civil claims, including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, and diversion of internal resources. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Intellectual Property

If we are unable to protect our proprietary rights, we may not be able to compete effectively.

Our success depends significantly on our ability to protect our proprietary rights to the formulas and technologies used for our Obagi Skincare and Milk Makeup products. We rely primarily on maintaining the confidentiality of our trade secrets and the protection of trade secret laws, as well as a combination of patent, copyright, trademark and trade dress (including common law trademark and trade dress) laws, and nondisclosure, confidentiality and other contractual restrictions, to protect our proprietary formulas and technologies. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. For example, our trade secrets may be misappropriated by current or former employees, contractors or parties with whom we partner, or may be inadvertently disclosed or obtained by breach of a confidentiality agreement or other confidentiality obligation. Although we have taken steps to protect our intellectual property and proprietary formulas and technologies, including entering into confidentiality agreements and intellectual property assignment agreements with our employees, consultants and advisors, such agreements may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements. Further, the parties with whom we enter into confidentiality and intellectual property assignment agreements could dispute the ownership of intellectual property developed under these agreements. In addition, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the U.S.

If we are involved in intellectual property claims and litigation, the proceedings may divert our resources and subject us to significant liability for damages, substantial litigation expense and the loss of our proprietary rights.

In order to protect or enforce our intellectual property rights, we may initiate litigation. In addition, others may initiate litigation related to intellectual property against us. Companies against whom we might initiate litigation or who might initiate litigation against us may be better able to sustain the costs of litigation because they have substantially greater resources. We may become subject to interference proceedings conducted in patent and trademark offices to determine the priority of inventions or uses. There are numerous issued and pending patents in the skincare product field. The validity and breadth of such patents may involve complex legal and factual questions for which important legal principles may remain unresolved. If third parties file oppositions to our patent applications in foreign countries, we may also have to participate in opposition proceedings in foreign tribunals to defend the patentability of our filed foreign patent applications. We also have worked with consultants in developing our intellectual property portfolio. To the extent any of these consultants are engaged in litigation involving intellectual property related to us, we may also become a party to such actions or otherwise be adversely affected by virtue of our relationships with the consultants.

Litigation may be necessary for us to assert or defend against infringement claims, enforce our issued and licensed patents, protect our trade secrets or know-how or determine the enforceability, scope and validity of the proprietary rights of others. Our involvement in intellectual property claims and litigation could:

- divert existing management, scientific and financial resources;
- subject us to significant liabilities;
- result in a ruling that allows our competitors to market competitive products without obtaining a license from us;
- require us to enter into royalty or licensing agreements, which may not be available on terms acceptable to us, if at all; or
- force us to discontinue selling or modify our products, or to develop new products.

If any of these events occur, our business could be materially and adversely affected.

If we are unable to protect our intellectual property, the value of our brands and other intangible assets may be diminished, and our business may be adversely affected.

We rely on a combination of trademark, copyright, trade secret, trade dress, patent and other laws protecting proprietary rights, nondisclosure and confidentiality agreements and other practices to protect the brands of our Obagi Skincare and Milk Makeup businesses and proprietary information, formulas, technologies and processes. Our trademarks are valuable assets that support our brands and consumers' perceptions of our products. Although we have certain existing and pending trademark registrations for our various brands in the U.S. and in some of the foreign countries in which we operate, we may not be successful in asserting trademark or trade name protection in all jurisdictions. We also have not applied for trademark protection for all of our marks or in all relevant foreign jurisdictions and cannot be certain whether our pending trademark applications will be approved in full, modifications or at all. We rely on common law trademark protections for certain of our marks. Third parties may also attempt to register our trademarks abroad in jurisdictions where we have not yet applied for trademark protection, oppose our trademark applications domestically or abroad, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products in some parts of the world, which could result in the loss of brand recognition and could require us to devote resources to advertising and marketing new brands. While we have obtained a number of patents in connection with the Obagi Skincare business, a number of these patents have upcoming expiry dates which may result in increased competition for our products. See item 4. Information on the Company - Innovative Research and Development" for further information regarding upcoming expiry dates.

In addition, while it is our policy to require our employees who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact conceives or develops intellectual property that we regard as our own. Our assignment agreements may not be self-executing or may be breached, and we may be forced to bring claims against third parties, or defend claims third parties may bring against us, to determine the ownership of what we regard as our intellectual property. We may be subject to claims challenging the inventorship or ownership of our intellectual property. We also rely upon unpatented trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position, which we seek to protect, in part, through confidentiality agreements with our employees and our collaborators and consultants. It is possible that technology relevant to our business will be developed independently by a person that is not a party to such an agreement, and that person could be an employee of or otherwise associated with one of our competitors. Furthermore, if the employees and consultants who are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for or sufficient resources to litigate any such breach or violation, and we could lose our trade secrets through such breaches or violations. Further, our trade secrets could otherwise become known or independently discovered by our competitors. If we are unable to obtain, maintain and enforce intellectual property protection directed to our technology and any future technologies that we develop, others may be able to make, use, import or sell products that are the same or substantially the same as ours, which could adversely affect our ability to compete in the market.

Additionally, we may not be able to protect our intellectual property rights throughout the world. Filing, prosecuting and defending intellectual property rights in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the U.S. can be less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal or state laws in the U.S. Consequently, we may not be able to prevent third parties from utilizing our intellectual property in all countries outside the U.S., or from selling or importing products similar to ours in and into the U.S. or other jurisdictions. Competitors may use our intellectual property in jurisdictions where we have not obtained protection to develop their own products and, further, may export otherwise infringing products to territories where we have protection, but enforcement is not as strong as that in the U.S. These products may compete with our products, and our intellectual property rights may not be effective or sufficient to prevent them from competing.

We may not be able to correctly estimate or control our future operating expenses in relation to obtaining intellectual property, enforcing intellectual property and/or defending intellectual property, which could affect operating expenses. Our operating expenses may fluctuate significantly in the future as a result of a variety of factors, including the costs of preparing, filing, prosecuting, defending, and enforcing intellectual property claims and other intellectual property-related costs, including adverse proceedings (such as litigation) costs. If we fail to protect our intellectual property or other proprietary rights, our business, financial condition and results of operations may be materially and adversely affected.

Our success depends on our ability to operate our business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties.

Our commercial success depends in part on our ability to operate without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights, trade secrets and other proprietary rights of others. We cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate such rights. From time to time, we receive allegations of trademark infringement, and third parties have filed claims against us with allegations of intellectual property infringement. In addition, third parties may involve us in intellectual property disputes as part of a business model or strategy to gain competitive advantage. We may also be required to pay substantial damages or be subject to an order prohibiting us and our customers, distributors or retailers from importing or selling certain products or engaging in certain activities. Our inability to operate our business without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and proprietary rights of others could have a material adverse effect on our business, financial condition and results of operations.

To the extent we gain greater visibility and market exposure as a public company or otherwise, we may also face a greater risk of being the subject of such claims and litigation. For these and other reasons, third parties may allege that our products or activities infringe, misappropriate or otherwise violate their trademark, patent, copyright or other proprietary rights. Defending against allegations and litigation could be expensive, occupy significant amounts of time, divert management's attention from other business concerns and have an adverse impact on our ability to bring products to market. In addition, if we are found to infringe, misappropriate or otherwise violate third-party trademark, patent, copyright or other proprietary rights, our ability to use our brands to the fullest extent may be limited, we may need to obtain a license, which may not be available on commercially reasonable terms, or at all, or we may need to redesign or rebrand our marketing strategies or products, which may not be possible.

Risks Related to our Organization and Corporate Structure

We are subject to risks related to our dependency on our directors and officers and on key personnel, as well as risks related to attracting, retaining and developing human capital in a highly competitive market.

Our operations are dependent upon a relatively small group of individuals and in particular, Michel Brousset and Hind Sebti, our Chief Growth Officer. We believe that our success depends on the continued service of our directors and officers. We do not have key-man insurance on the life of any of our directors or officers. The unexpected loss of the services of one or more of our directors or officers could have a detrimental effect on us.

Additionally, our success and future growth depend upon the services of Obagi's and Milk's management teams and other key employees, including highly skilled experts in their respective fields. In 2023, we made extensive changes to senior management at Obagi, finding seasoned experts to join Obagi as the new President, Chief Financial Officer and Chief Marketing Officer with in-depth expertise in their respective fields. However, these new executives have only recently taken on these roles and we cannot assure you that they will integrate well into the Obagi business, that we will be able to retain them, or that they will be able to successfully manage and operate the business, maintain our existing relationships with key suppliers and customers and retain other highly skilled key employees of Obagi. The loss of one or more members of Obagi's or Milk's management teams or key employees could harm our business, and we may not be able to find adequate replacements.

Our success depends on our continued ability to attract, retain and motivate highly qualified management, business development, sales and marketing, product development and other personnel for our Obagi Skincare and Milk Makeup businesses. We may have difficulty recruiting and retaining such qualified personnel due to current market conditions, their inability to trade their equity awards and the existence of many similar competitive job openings. There is intense competition in our industry particularly for senior sales and marketing and research and product development positions. The failure to attract and retain qualified personnel could have a significant negative impact on our future product sales and business results.

In addition, prospective and existing employees and independent contractors often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, experiences significant volatility or increases such that prospective employees or independent contractors believe there is limited or less upside to the value of such equity awards, it may adversely affect our ability to recruit and retain key

employees and independent contractors. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects would be harmed.

Although we currently maintain directors' and officers' liability insurance coverage, such coverage may not be sufficient to cover the types or extent of claims or loss that may be incurred or received. Our inability to obtain and maintain appropriate insurance coverage could cause a substantial business disruption, adverse reputational impact and regulatory scrutiny. If we incur any loss that is not covered by our directors' and officers' liability insurance policy, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Our only material asset is our indirect interest in Waldencast LP, and we are accordingly dependent upon distributions from Waldencast LP to pay dividends, taxes and other expenses.

We are a holding company with no material assets other than indirect equity interests in Waldencast LP. As such, we do not have any independent means of generating revenue or cash flow, and our ability to pay taxes and operating expenses or declare and pay dividends in the future, if any, will be dependent upon the results of operations and cash flows of Waldencast LP and its subsidiaries, including Obagi and Milk. We intend to cause Waldencast LP to make distributions to its members, including Holdco 1, in an amount at least sufficient to allow for the payment of all applicable taxes, and to pay our corporate and other overhead expenses and those of Holdco 1. We cannot assure you, however, that Waldencast LP and its subsidiaries will generate sufficient cash flow to distribute funds to Holdco 1, or that applicable legal and contractual restrictions, including negative covenants in Waldencast LP's debt instruments, will permit such distributions. It could materially and adversely affect our liquidity and financial condition if Waldencast LP is restricted from, or otherwise unable to, distribute sufficient cash to us.

Our warrants are accounted for as liabilities and the changes in value of our warrants could have a material effect on our financial results.

In April 2021, the Acting Director of the Division of Corporation Finance and Acting Chief Accountant of the SEC together issued a statement regarding the accounting and reporting considerations for warrants issued by SPACs entitled "Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies" (the "SEC Statement"). Specifically, the SEC Statement focused on certain settlement terms and provisions related to tender offers following a business combination, which terms are similar to those contained in the Warrant Agreement. As a result of the SEC Statement, we reevaluated the accounting treatment of our 11,500,000 public warrants and 5,933,333 private placement warrants and determined to classify the warrants as derivative liabilities measured at fair value, with changes in fair value each period reported in earnings.

As a result, we have included derivative liabilities related to embedded features contained within our warrant in our balance sheet as of December 31, 2023 (Successor Period) and 2022 (Successor Period). Accounting Standards Codification ("ASC") Topic 815, *Derivatives and Hedging* ("ASC 815"), provides for the remeasurement of the fair value of such derivatives at each balance sheet date, with a resulting non-cash gain or loss related to the change in the fair value being recognized in earnings in the statement of operations. As a result of the recurring fair value measurement, our financial statements and results of operations may fluctuate quarterly based on factors that are outside of our control. Due to the recurring fair value measurement, we expect that we will recognize non-cash gains or losses on our warrants each reporting period and that the amount of such gains or losses could be material.

Impairment of our significant intangible assets may reduce our profitability.

The fair values at the acquisition date of our goodwill, acquired trademarks and trade names, customer and distributor relationships, supply agreement and product formulations are recorded as intangible assets and all, except for goodwill, are amortized over the period that we expect to benefit from the applicable assets. Fair value estimates result from a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions that have been deemed reasonable by management as of the measurement date. Accordingly, such estimates and assumptions may not be accurate. As of December 31, 2023 (Successor Period), acquired net intangible assets and goodwill comprised approximately 88.1% of our consolidated total assets. We evaluate goodwill for impairment on an annual basis on October 1st and at an interim date if indicators of a potential impairment exist. The annual impairment test for the year ended December 31, 2021 (Predecessor Period) did not indicate an impairment of goodwill at the time it was performed. However, subsequent to the Business Combination, we concluded that relevant events and circumstances indicated it was more likely than not that the fair value of the Obagi Skincare reporting segment was less than its carrying amount. This

included a decline in financial performance of the Obagi Skincare reporting unit compared to results projected at the time of acquisition, primarily as a result of the subsequent identification of the matters underlying the restatement adjustments. As result, we recorded a non-cash impairment charge of $68.7 million in the period from July 28, 2022 to December 31, 2022 (Successor Period).

The Company performed its annual goodwill impairment analysis using the quantitative approach on October 1, 2023, and the analysis did not indicate there was an impairment of goodwill. Therefore, no impairment of goodwill was recorded as of December 31, 2023 (Successor Period). As of December 31, 2023 (Successor Period), the Obagi Skincare reportable segment had a goodwill balance of $199.5 million. For the Obagi Skincare reportable segment, the difference between the carrying value of the segment and the fair value is 5% as of the annual impairment test date. If we are not successful in meeting our projected revenue or profitability growth rates, there could be a decrease in the fair value of the Obagi Skincare reportable segment below the carrying value. In addition, the fair value of the Obagi Skincare reportable segment could also be negatively impacted by market conditions including inflation, the valuation of its competitors, a market capitalization decrease, or other factors, which could result in an additional indicator of impairment.

The Milk Makeup segment had a goodwill balance of $135.1 million as of December 31, 2023 (Successor Period). We performed a quantitative review of the reporting segment on October 1, 2023. Qualitative and quantitative factors and circumstances did not indicate that the fair value of the reporting unit was less than the carrying value and on that basis management concluded that there was no change in the fair value. As a result, the goodwill balance for the reporting unit has not changed.

Any further impairment of our intangible assets could reduce our profitability and have a material adverse effect on our results of operations and financial condition.

As a former shell company, resales of shares of our restricted Class A ordinary shares in reliance on Rule 144 of the Securities Act are subject to the requirements of Rule 144(i).

Prior to the closing of the Business Combination, we were deemed a "shell company" under applicable SEC rules and regulations because we had no or nominal operations and either no or nominal assets, assets consisting solely of cash and cash equivalents, or assets consisting of any amount of cash and cash equivalents and nominal other assets. As a result, sales of our securities pursuant to Rule 144 under the Securities Act cannot be made unless, among other things, at the time of a proposed sale, we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act and have filed all reports and other materials required to be filed by Section 13 or 15(d) of the Securities Exchange Act, as applicable, during the preceding 12 months, other than Form 6-K reports. Because, as a former shell company, the reporting requirements of Rule 144(i) will apply regardless of holding period, restrictive legends on our securities cannot be removed except in connection with an actual sale that is subject to an effective registration statement under, or an applicable exemption from the registration requirements of, the Securities Act. We do not currently have an effective registration statement and any registration statement would require us to be current in our filings and to have filed additional information required in order to become effective. In addition, because our unregistered securities cannot be sold pursuant to Rule 144 unless we continue to meet such requirements, any unregistered securities we issue will have limited liquidity unless we can comply with such requirements. In addition, our previous status as a shell company could also limit our use of our securities to pay for any acquisitions we may seek to pursue in the future. The lack of liquidity of our securities as a result of the inability to sell under Rule 144 for a longer period of time than a non-former shell company could cause the market price of our securities to decline.

Your rights and responsibilities as a shareholder are governed by Jersey law, which differs in some material respects with respect to the rights and responsibilities of shareholders of U.S. companies.

We are organized under the laws of the Bailiwick of Jersey, Channel Islands, a British crown dependency that is an island located off the coast of Normandy, France. Jersey is not a member of the EU. Jersey legislation regarding companies is largely based on English corporate law principles. The rights and responsibilities of the holders of our Class A ordinary shares are governed by the Constitutional Document and by Jersey law, including the provisions of the Jersey Companies Law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in U.S. corporations.

In particular, Jersey law significantly limits the circumstances under which shareholders of companies may bring derivative actions and, in most cases, only the corporation may be the proper claimant or plaintiff for the purposes of

maintaining proceedings in respect of any wrongful act committed against it. Neither an individual nor any group of shareholders has any right of action in such circumstances. Jersey law also does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a U.S. corporation. However, we cannot assure you that Jersey law will not change in the future or that it will serve to protect our investors in a similar fashion afforded under corporate law principles in the U.S., which could adversely affect your rights.

It may be difficult to enforce a U.S. judgment against us or our directors and officers outside the U.S., or to assert U.S. securities law claims outside the U.S.

Investors may have difficulties pursuing an original action brought in a court in a jurisdiction outside the U.S., including Jersey, for liabilities under the securities laws of the U.S. The U.S. and Jersey currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the U.S. based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized and is not directly enforceable in Jersey. Rather, a judgment of a U.S. court constitutes a cause of action which may be enforced by Jersey courts provided that:

- the applicable U.S. courts had jurisdiction over the case, as recognized under Jersey law;
- the judgment is given on the merits and is final, conclusive and non-appealable;
- the judgment relates to the payment of a sum of money, not being taxes, fines or similar governmental penalties;
- the defendant is not immune under the principles of public international law;
- the same matters at issue in the case were not previously the subject of a judgment or disposition in a separate court;
- the judgment was not obtained by fraud; and
- the recognition and enforcement of the judgment is not contrary to public policy in Jersey.

Subject to the foregoing, investors may be able to enforce in Jersey judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, it is doubtful that an original action based on U.S. federal or state securities laws could be brought before Jersey courts. In addition, a plaintiff who is not resident in Jersey may be required to provide a security bond in advance to cover the potential of the expected costs of any case initiated in Jersey.

The obligations associated with being the publicly traded entity in the "Up-C" structure involve significant expenses and will require significant resources and management attention, which may divert from our business operations.

As the publicly traded entity in an Up-C structure, we are subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. The Exchange Act requires the filing of annual, quarterly and current reports with respect to a public company's business and financial condition. The Sarbanes-Oxley Act requires, among other things, that a public company establish and maintain effective internal control over financial reporting. As a result, we will incur significant legal, accounting and other expenses that our Obagi Skincare and Milk Makeup businesses did not previously incur. Our entire management team and many of our other employees will need to devote substantial time to compliance matters related to the Up-C structure and regulatory requirements associated with being a publicly traded entity. We will bear all of the internal and external costs of preparing and distributing periodic public reports in compliance with our obligations under the securities laws.

In addition, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act, and the related rules and regulations implemented by the SEC and Nasdaq, have increased legal and financial compliance costs and will make some compliance activities more time-consuming. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us, and our business may be harmed. In the future, it may be more expensive or more difficult for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified people to serve on our Board, our Board committees or as executive officers.

We may amend the terms of the warrants in a manner that may be adverse to holders with the approval by the holders of at least 65% of the then outstanding public warrants.

Our public warrants were issued in registered form under a Warrant Agreement between our transfer agent for our warrants and Waldencast. The Warrant Agreement provides that (a) the terms of the warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or correcting any mistake, including to conform the provisions of the Warrant Agreement to the description of the terms of the warrants and the Warrant Agreement set forth in this Report, or defective provision or (ii) adding or changing any provisions with respect to matters or questions arising under the Warrant Agreement as the parties to the Warrant Agreement may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the warrants under the Warrant Agreement and (b) all other modifications or amendments require the vote or written consent of at least 65% of the then outstanding public warrants; provided that any amendment that solely affects the terms of the private placement warrants or any provision of the Warrant Agreement solely with respect to the private placement warrants will also require at least 65% of the then outstanding private placement warrants. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder if holders of at least 65% of the then outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 65% of the then outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, shorten the exercise period or decrease the number of our Class A ordinary shares purchasable upon exercise of a warrant.

We may redeem your unexpired warrants prior to their exercise at a time that is disadvantageous to you, thereby making your warrants worthless.

We have the ability to redeem the outstanding public warrants at any time after they become exercisable and prior to their expiration, at a price of $0.01 per warrant if, among other things, the last reported sale price of our Class A ordinary shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders equals or exceeds $18.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like). Redemption of the outstanding warrants as described above could force you to: (1) exercise your warrants and pay the exercise price therefor at a time when it may be disadvantageous for you to do so; (2) sell your warrants at the then current market price when you might otherwise wish to hold your warrants; or (3) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, we expect would be substantially less than the market value of your warrants. None of the private placement warrants will be redeemable by us (subject to limited exceptions) so long as they are held by the Sponsor or its permitted transferees.

In addition, we have the ability to redeem the outstanding warrants at any time after they become exercisable and prior to their expiration, at a price of $0.10 per warrant if, among other things, the last reported sale price of our Class A ordinary shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders equals or exceeds $10.00 per share (as adjusted for share splits, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like). In such a case, the holders will be able to exercise their warrants prior to redemption for a number of our Class A ordinary shares determined based on the redemption date and the fair market value of our Class A ordinary shares. The value received upon exercise of the warrants (1) may be less than the value the holders would have received if they had exercised their warrants at a later time where the underlying share price is higher and (2) may not compensate the holders for the value of the warrants, because the number of Class A ordinary shares received is capped at 0.361 Class A ordinary shares per warrant (subject to adjustment) irrespective of the remaining life of the warrants.

We do not intend to pay cash dividends for the foreseeable future.

We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board and will depend on our financial condition, results of operations, capital requirements, restrictions contained in any future agreements and financing instruments, business prospects and such other factors as our Board deems relevant.

If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, our stock price and trading volume could decline.

The trading market for our Class A ordinary shares will depend in part on the research and reports that analysts publish about us. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our Class A ordinary shares or publish inaccurate or unfavorable research about our businesses, the price of our Class A

ordinary shares could decline. If few analysts cover us, the demand for our shares could decrease and our stock price and trading volume may decline. Similar results may occur if one or more of these analysts stop covering us in the future or fail to publish reports on us regularly.

We are currently an emerging growth company within the meaning of the Securities Act, and to the extent we have taken advantage of certain exemptions from disclosure requirements available to emerging growth companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

We are currently an "emerging growth company" within the meaning of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company, which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

If we cease to be an emerging growth company, we will no longer be able to take advantage of certain exemptions from reporting, and, absent other exemptions or relief available from the SEC, we will also be required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We will incur additional expenses in connection with such compliance and our management will need to devote additional time and effort to implement and comply with such requirements.

As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than a U.S. company. This may limit the information available to holders of the Ordinary Shares.

We have determined that we are a foreign private issuer, as such term is defined in Rule 405 under the Securities Act, however, under Rule 405, the determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter and, accordingly, the next determination regarding our status will be made on June 30, 2024.

As a foreign private issuer, we are not subject to all of the disclosure requirements applicable to public companies organized within the U.S. For example, we are exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act (including the requirement applicable to emerging growth companies to disclose the compensation of our Chief Executive Officer and the other two most highly compensated executive officers on an individual, rather than an aggregate, basis). In addition, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, while we may elect to voluntarily submit quarterly interim consolidated financial data to the SEC under cover of the SEC's Form 6-K, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S.

public companies and are not required to file quarterly reports on Form 10-Q or current reports on Form 6-K under the Exchange Act. We also are exempt from the requirements to obtain shareholder approval for certain issuances of securities, including shareholder approval of share option plans. In addition, as a foreign private issuer, we are exempt from the provisions of Regulation FD, which prohibits issuers from making selective disclosure of material nonpublic information.

Furthermore, our Ordinary Shares are not listed and we do not currently intend to list our Ordinary Shares on any market in the Bailiwick of Jersey, our home country. As a result, we are not subject to the reporting and other requirements of companies listed in the Bailiwick of Jersey. For instance, we are not required to publish quarterly or semi-annual financial statements (although we are required to comply with Nasdaq's continued listing standards to publicly disclose an interim balance sheet and income statement as of the end of our second quarter each fiscal year). Accordingly, there may be less publicly available information concerning our business than there would be if we were a U.S. public company and you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a public limited company incorporated under the laws of Jersey, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards. These practices may afford less protection to securityholders than they would enjoy if we complied fully with Nasdaq corporate governance listing standards.

As a public limited company incorporated under the laws of Jersey and listed on Nasdaq, we are subject to Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in Jersey, which is our home country, may differ significantly from Nasdaq corporate governance listing standards. Currently, we follow our home country practice in lieu of the provisions under Rule 5620(a), Rule 5635(c), Rule 5635(d) and Rule 5250(b)(3) of the Nasdaq Stock Market Marketplace Rules (the "Rules") by relying on the exemption provided for foreign private issuers under Rule 5615(a)(3) of the Rules. Rule 5620(a) of the Rules requires that the Company hold an annual meeting of shareholders no later than one year after the end of the Company's fiscal year-end; Rule 5635(c) of the Rules requires shareholder approval for share incentive plans; Rule 5635(d) of the Rules requires shareholder approval for the issuance of securities, other than in a public offering, equal to 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock; and Rule 5250(b)(3) of the Rules requires disclosure of third-party director and nominee compensation. The corporate governance practice in our home country, Jersey, does not require the Company to follow or comply with the requirements of Rule 5620(a), Rule 5635(c), Rule 5635(d) and Rule 5250(b)(3). We will continue to comply with other corporate governance requirements of the Rules. However, in the future, we may consider following home country practice in lieu of additional requirements under the Rules with respect to certain corporate governance standards. Any foreign private issuer exemptions we avail ourselves of in the future may reduce the scope of information and protection to which you are otherwise entitled as an investor. As a result, there may be less publicly available information concerning our business than there would be if we were a U.S. public company and you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We may lose our foreign private issuer status in the future, which could result in significant additional cost and expense.

In order to maintain our current status as a foreign private issuer, either (a) more than 50% of our outstanding voting securities must be either directly or indirectly owned of record by non-residents of the U.S. or (b)(i) a majority of our executive officers or directors may not be U.S. citizens or residents, (ii) more than 50% of our assets cannot be located in the U.S. and (iii) our business must be administered principally outside the U.S. On an annual basis, we are required to assess whether we meet these criteria as of the last business day of our second fiscal quarter. Although we have elected to comply with certain U.S. regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. For example, the annual report on Form 10-K requires domestic issuers to disclose executive compensation information on an individual basis with specific disclosure regarding the domestic compensation philosophy, objectives, annual total compensation (base salary, bonus, and equity compensation) and potential payments in connection with change in control, retirement, death or disability, while this Report permits us to disclose compensation information on an aggregate basis. We would also have to mandatorily comply with U.S. federal proxy requirements, and

our officers, directors, and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. We may also be required to modify certain of our policies to comply with good governance practices associated with U.S. domestic issuers. The additional requirements that we would become subject to and any modification of our policies if we were to lose our foreign private issuer status could lead us to incur significant additional legal, accounting and other expenses. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

Jersey law and our Constitutional Document contain certain provisions, including anti-takeover provisions that limit the ability of shareholders to take certain actions and could delay or discourage takeover attempts that shareholders may consider favorable.

Jersey law and our Constitutional Document contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition that shareholders may consider favorable, including transactions in which shareholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for our Ordinary Shares, and therefore depress the trading price of our Class A ordinary shares. These provisions could also make it difficult for shareholders to take certain actions, including electing directors who are not nominated by the current members of our Board or taking other corporate actions, including effecting changes in our management. Among other things, the Constitutional Document includes provisions regarding:

- providing for a classified board of directors with staggered, three-year terms;
- the ability of our Board to issue shares of preferred stock, and to determine the price and other terms of those shares, including preferences and voting rights, without shareholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- our Board will have the exclusive right to elect directors to fill a vacancy created by the expansion of our Board or the resignation, death or removal of a director, which will prevent shareholders from being able to fill vacancies on our Board; and
- the limitation of the liability of, and the indemnification of, our directors and officers.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our Board or management.

Our Constitutional Document limits the liability of our non-employee directors, Cedarwalk and the Sponsor and their respective affiliates and representatives' liability to us for breach of fiduciary duty and could also prevent us from benefiting from corporate opportunities that might otherwise have been available to us.

Our Constitutional Document provides that, to the fullest extent permitted by law, and other than corporate opportunities that are expressly presented to one of our directors or officers in his or her capacity as such, our non-employee directors, Cedarwalk and the Sponsor and their respective affiliates and representatives:

- will not have any fiduciary duty to refrain from (i) engaging in and possessing interests in other business ventures of every type and description, including those engaged in the same or similar business activities or lines of business in which we or any of our subsidiaries now engages or proposes to engage or (ii) competing with us or any of our affiliates, subsidiaries or representatives, on its own account, or in partnership with, or as an employee, officer, director or shareholder of any other Person (other than us or any of our subsidiaries);
- will have no duty to communicate or present such transaction or matter to us or any of our subsidiaries, as the case may be; and
- will not be liable to us or our shareholders or to any of our subsidiaries for breach of any duty (fiduciary, contractual or otherwise) as a shareholder or director of us by reason of the fact that such Person, directly or indirectly, pursues or acquires such opportunity for itself, herself or himself, directs such opportunity to another Person or does not present such opportunity to us or any of our subsidiaries, affiliates or representatives.

Risks Related to Taxation

Any disparity between the U.S. corporate tax rate and the U.S. tax rate applicable to non-corporate Members of Waldencast LP may complicate our ability to maintain its intended capital structure, which could impose transaction costs on it and require management attention.

Waldencast LP is treated as a partnership for U.S. federal income tax purposes and, as such, generally is not subject to U.S. federal income tax. Instead, its taxable income is generally allocated to its members, including Holdco 1. If and when Waldencast LP generates taxable income, it will generally make cash distributions, or tax distributions, to each of its members, including Holdco 1, based on each member's allocable share of net taxable income (calculated under certain assumptions) multiplied by an assumed tax rate. The assumed tax rate for this purpose will be the highest effective marginal combined federal, state, and local income tax rate applicable to an individual or corporate member (whichever is higher). In the event of any disparity between the tax rates applicable to corporate and non-corporate taxpayers, Holdco 1 could receive tax distributions from Waldencast LP in excess of its actual tax liability, which could result in it accumulating cash in excess of its tax liability. This would complicate our ability to maintain certain aspects of our capital structure. Such cash, if retained, could cause the value of a Waldencast LP Unit to deviate from the value of a Class A ordinary share. In addition, such cash, if used to purchase additional Waldencast LP Units, could result in deviation from the one-to-one relationship between our Class A ordinary shares outstanding and Waldencast LP Units unless a corresponding number of additional Class A ordinary shares are distributed as a stock dividend. We may, if permitted under our debt agreements, choose to pay dividends to all holders of our Class A ordinary shares with any excess cash. These considerations could have unintended impacts on the pricing of our Class A ordinary shares and may impose transaction costs and require management efforts to address on a recurring basis. To the extent that we do not distribute such excess cash as dividends on our Class A ordinary shares and instead, for example, hold such cash balances or lend them to Waldencast LP, holders of Waldencast LP Units during a period in which we hold such cash balances could benefit from the value attributable to such cash balances as a result of redeeming or exchanging their Waldencast LP Units and obtaining ownership of our Class A ordinary shares (or a cash payment based on the value of our Class A ordinary shares). In such case, these holders of Waldencast LP Units could receive disproportionate value for their Waldencast LP Units exchanged during this time frame.

Failure to comply with applicable transfer pricing and similar regulations could harm our business and financial results.

In many countries, including the U.S., we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned in each jurisdiction and are taxed accordingly. Although we believe that we are in substantial compliance with all applicable regulations and restrictions, we are subject to the risk that governmental authorities could audit our transfer pricing and related practices and assert that additional taxes are owed. In the event that the audits or assessments are concluded adversely to us, we may or may not be able to offset or mitigate the consolidated effect.

We may be a PFIC, which could result in adverse U.S. federal income tax consequences to U.S. Holders.

If we are a PFIC for any taxable year, or portion thereof, that is included in the holding period of a U.S. Holder (as defined herein), such U.S. Holder may be subject to certain adverse U.S. federal income tax consequences and may be subject to additional reporting requirements. We are not expected to be treated as a PFIC for the taxable year ending on December 31, 2023 (Successor Period), or the foreseeable future. However, the facts on which any determination of PFIC status are based may not be known until the close of each taxable year in question. Additionally, there is uncertainty regarding the application of the start-up exception.

We may be treated as a corporation resident in the U.S. for U.S. federal income tax purposes.

A corporation is generally considered a tax resident in the jurisdiction of its organization or incorporation. Thus, as a corporation incorporated under the laws of Jersey, we should generally be classified as a non-U.S. corporation (and therefore as a non-U.S. tax resident) for U.S. federal income tax purposes. In certain circumstances, however, under section 7874 of the Code, a corporation organized outside the U.S. will be treated as a U.S. corporation (and, therefore, as a U.S. tax resident).

Based on the rules in effect currently, we do not expect to be treated as a U.S. corporation for U.S. federal income tax purposes by virtue of section 7874. Nevertheless, because the section 7874 rules and exceptions are complex, subject to

factual and legal uncertainties, and may change in the future (possibly with retroactive effect), there can be no assurance that we will not be treated as a U.S. corporation for U.S. federal income tax purposes. In addition, it is possible that a future acquisition of the stock or assets of a U.S. corporation could result in our being treated as a U.S. corporation.

We continue to operate so as to be treated exclusively as a resident of Jersey for tax purposes, but the tax authorities of other jurisdictions may treat us as also being a resident of, or as having a taxable presence in, another jurisdiction for tax purposes.

Our residence for tax purposes (including, for the avoidance of doubt, withholding tax and tax treaty eligibility purposes) is exclusively in Jersey and we have no taxable presence in the form of a fixed place of business or permanent establishment in any other jurisdiction. Because we are incorporated under Jersey law and have our registered office in Jersey, we are considered to be resident in Jersey for Jersey tax purposes. In addition, we maintain our management, organizational and operational structures in such a manner that we should not be regarded as a tax resident of any other jurisdiction either for domestic law purposes or for the purposes of any applicable tax treaty (notably any applicable tax treaty with Jersey) and should be deemed resident only in Jersey and that we should not have a fixed place of business or permanent establishment outside Jersey.

However, the determination of our tax residence, which primarily depends upon our place of effective management, as well as the characterization of fixed places of business or permanent establishments outside our jurisdiction of incorporation, are questions of fact based on all circumstances. Because such determinations are highly fact-sensitive, no assurance can be given regarding their outcome. A failure to maintain exclusive tax residence in Jersey or not to maintain a fixed place of business or permanent establishment outside Jersey could result in significant adverse tax consequences to us. A failure to maintain exclusive tax residence in Jersey could also result in significant adverse tax consequences for shareholders. The impact of this risk would differ based on the views taken by each relevant tax authority and, in respect of the taxation of shareholders, on their specific situation.

We may in the future amend our management, organizational and operational structures in such a manner that we may be regarded as a tax resident of another jurisdiction either for domestic law purposes or for the purposes of any applicable tax treaty. A change in tax residence could result in significant adverse tax consequences to us and our shareholders, and we may opt to make such changes without consideration of the tax consequences for shareholders.

Changes in tax law could significantly affect our reported earnings and cash flows.

We have business operations and assets in different jurisdictions, which are subject to different tax regimes. Changes in tax regimes, such as the reduction or elimination of tax benefits, or limitations on the deductibility of interest expense, could have a material adverse effect on our results and cash flows.

In addition, countries in which we operate have agreed to implement aspects of the “Two Pillars Solution,” an OECD/G20 Inclusive Framework initiative, which aims to reform the international taxation policies and ensure that multinational companies pay taxes wherever they operate and generate profits. “Pillar Two” of this initiative generally provides for an effective global minimum corporate tax rate of 15% on profits generated by multinational companies with consolidated revenues of at least €750 million, calculated on a country-by-country basis. This minimum tax would be applied on profits in any jurisdiction wherever the effective tax rate, determined on a jurisdictional basis, is below 15%. The OECD and its members are still working on the coordinated implementation of the minimum tax. Although this initiative is subject to further developments in the countries where we operate, it is expected to be in force in various jurisdictions, including the U.K. and the EU, for fiscal years commencing on January 1, 2024. Any minimum tax may have a negative impact on our financial condition, results of operations and cash flows.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Waldencast plc was a blank check company that was incorporated on December 8, 2020 as Waldencast Acquisition Corp., a Cayman Islands exempted company formed as a SPAC for the purpose of entering into a merger, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses in the beauty and wellness industry. On March 18, 2021, we consummated an Initial Public Offering ("IPO") of 34,500,000 units, with each unit consisting of one Class A ordinary share (a "Public Share") and one-third of one redeemable warrant to acquire one Class A ordinary share (together, a "Unit"), at $10.00 per Unit.

In connection with the Business Combination, on July 26, 2022, with the approval of the Company's shareholders, and in accordance with the Cayman Companies Act (the "Cayman Act"), the Jersey Companies Law and the Company's Constitutional Document, the Company's jurisdiction of incorporation was changed from the Cayman Islands to Jersey and its name changed to Waldencast plc (the "Domestication"). As a result of the Domestication, (i) each then issued and outstanding Waldencast Acquisition Corp. Class A ordinary share was converted automatically, on a one-for-one basis, into a Class A ordinary share of Waldencast plc, (ii) each then issued and outstanding Waldencast Acquisition Corp. Class B ordinary share was converted automatically, on a one-for-one basis, into a Class A ordinary share of Waldencast plc, (iii) each then issued and outstanding Waldencast Acquisition Corp. warrant was converted automatically into a warrant to purchase Class A ordinary shares of Waldencast plc and (iv) each then issued and outstanding Waldencast Acquisition Corp. Unit was canceled and the holders thereof were entitled to one Class A ordinary share of Waldencast plc and one-third of one warrant.

On the Closing Date, pursuant to the Obagi Merger Agreement, Merger Sub merged with and into Obagi, with Obagi surviving as an indirect subsidiary of Waldencast LP. In addition, on the Closing Date, pursuant to the Milk Purchase Agreement, Waldencast LP acquired from the Milk Members all of their equity in Milk in exchange for cash, Waldencast LP common units ("Waldencast LP Units") and Waldencast plc Class B ordinary shares, which are non-economic voting shares. The Waldencast LP Units are redeemable at the option of the holder of such units into an equal number of Waldencast plc Class A ordinary shares or cash, at the sole discretion of Waldencast. The equity interests of Obagi and Milk are held by Waldencast LP. We, in turn, hold our interests in Obagi and Milk through Waldencast LP and Holdco 1. As a result of the Business Combination, we are organized as an "Up-C" structure, whereby the Milk Members retain a direct equity ownership in Waldencast LP, an entity that is classified as a partnership for U.S. federal income tax purposes, in the form of their Waldencast LP Units. The material terms of the Business Combination are described in "Item 10. Additional Information—C. Material Contracts" of this Report. See "Item 5B. Operating and Financial Review and Prospects - Liquidity and Capital Resources" for information regarding historical capital expenditures and planned future capital expenditures.

Each holder of a Public Share was entitled to redeem such share in connection with the consummation of the Business Combination for a pro rata portion of the cash then on deposit in the trust account created in connection with our IPO. Such pro rata portion was calculated as of two business days prior to the consummation of the Business Combination including interest earned on the funds held in the trust account and not previously released to us (net of taxes payable). A total of 30,021,946 Public Shares were redeemed in connection with the Business Combination.

The legal and commercial name is Waldencast plc. Waldencast plc's registered office is 2nd Floor Sir Walter Raleigh House, 48-50 Esplanade, St. Helier, Jersey JE2 3QB, and its principal executive office is 10 Bank Street, Suite 560, White Plains, NY 10606, and its telephone number is (917) 546-6828.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC which is accessible at *http://www.sec.gov*. Since Waldencast plc is a "foreign private issuer," it is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and its officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act with respect to their purchase and sale of our shares. In addition, we are not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. public companies whose securities are registered under the Exchange Act. However, we are required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm.

Waldencast plc's principal website address is *www.waldencast.com*. The information contained on Waldencast plc's website does not form a part of, and is not incorporated by reference into, this Report.

B. Business Overview

Unless the context otherwise requires, all references in this section to "we," "our," "us," the "Company," or "Waldencast" generally refer to Waldencast plc.

General

Founded by Michel Brousset and Hind Sebti, our ambition is to build a global best-in-class beauty and wellness operating platform by developing, acquiring, accelerating, and scaling conscious, high-growth purpose-driven brands. Our vision is fundamentally underpinned by our brand-led business model that ensures proximity to our customers, business agility and market responsiveness, while maintaining each brand's distinct DNA. The first step in realizing our vision was the Business Combination with Obagi and Milk. As part of the Waldencast platform, our brands will benefit from the operational scale of a multi-brand platform; the expertise in managing global beauty brands at scale; a balanced portfolio to mitigate category fluctuations; asset light efficiency; and the market responsiveness and speed of entrepreneurial indie brands.

Facilities

Our principal executive offices are at 10 Bank Street, Suite 560, White Plains, NY 10606. The cost for this space is included in the $0.01 million per month fee that we paid an affiliate of the Sponsor for office space, administrative and support services up until the Closing Date. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" for a description of the agreement. We consider our current office space adequate for our current operations.

Employees

We currently have 3 executive officers and 281 full-time employees across the Waldencast group, consisting of 169 in sales and marketing, 23 in R&D, 28 in operations and 34 in general and administrative positions. We are dedicated to hiring and nurturing diverse talent and believe this is one of the keys to our current and future success. Approximately 29% of our employee base identifies as black, indigenous or people of color ("BIOPIC"). In addition, over 83% of our employees identifies as female. Our employees are all non-unionized, and we believe our relations with our employees are good.

Principal Markets

Please refer to Item 8. Financial Information—Note 4. Revenue" for a description of the principal markets in which the Company operates.

Legal Proceedings

We are not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against us, which if adversely determined could have a material adverse effect on the Company, except as described below.

SEC Investigation

As previously disclosed, we proactively and voluntarily self-reported our review of the historical accounting used by Obagi to the SEC. In connection with this matter, we received a document subpoena in September 2023. Although we are fully cooperating with the SEC's investigation and continue to respond to requests related to this matter, we cannot predict when such matters will be completed or the outcome or potential impact of this matter on our business, investor confidence or the price of our securities. Any remedial measures, sanctions, fines or penalties, including, but not limited to, financial penalties and awards, injunctive relief and compliance conditions, which may be imposed on us in connection with this matter could have a material adverse effect on our business, financial condition and results of operations. Additionally, the investigation has resulted in substantial costs and is likely to continue to incur substantial costs, regardless of the outcome of the investigation.

Emerging Growth Company

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act, and may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and **s**hareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with certain other public companies difficult or impossible because of the potential differences in accounting standards used.

We will remain an emerging growth company until the earlier of: (1) the last day of the fiscal year (a) following the fifth anniversary of the closing of our initial public offering, (b) in which we have total annual gross revenue of at least $1,235.0 million or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common equity that is held by non-affiliates exceeds $700.0 million as of the end of the prior fiscal year's second fiscal quarter; and (2) the date on which we have issued more than $1,000 million in non-convertible debt securities during the prior three-year period. References herein to "emerging growth company" shall have the meaning associated with it in the JOBS Act.

Foreign Private Issuer

We are a "foreign private issuer" under SEC rules and will report under the Exchange Act as a non-U.S. company with "foreign private issuer" status and will be subject to the reporting requirements under the Exchange Act applicable to foreign private issuers. This means that, even after we no longer qualify as an "emerging growth company," as long as we qualify as a "foreign private issuer" under the Exchange Act, we will be exempt from certain provisions of and intend to take advantage of certain exemptions from the Exchange Act that are applicable to U.S. public companies. Such exemptions include the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act and the sections of the Exchange Act requiring insiders to file public reports of their stock ownership.

Additionally, we will not be required to file our annual report on Form 20-F until 120 days after the end of each fiscal year and we will furnish reports on Form 6-K to the SEC regarding certain information required to be publicly disclosed by us in Jersey or that is distributed or required to be distributed by us to our shareholders. Further, based on our foreign private issuer status, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as a U.S. company whose securities are registered under the Exchange Act. We will also not be required to comply with Regulation FD, which addresses certain restrictions on the selective disclosure of material information. In addition, among other matters, our officers, directors and principal shareholders will be exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our Class A ordinary shares.

We may take advantage of these reporting exemptions until such time as we are no longer a "foreign private issuer." We could lose our status as a "foreign private issuer" under current SEC rules and regulations if more than 50% of our outstanding voting securities become directly or indirectly held of record by U.S. Holders and any one of the following is true: (i) the majority of our directors or executive officers are U.S. citizens or residents; (ii) more than 50% of our assets are located in the U.S.; or (iii) our business is administered principally in the U.S.

We may choose to take advantage of some but not all of these reduced burdens. We have taken advantage of reduced reporting requirements in this Report. Accordingly, the information contained in this Report may be different from the information you receive from our competitors that are public companies, or other public companies in which you have made an investment. See "Item 3. Key Information—Risk Factors—Risks Related to our Organization and Corporate

Structure—*As a foreign private issuer, we are exempt from a number of rules under the U.S. securities laws and are permitted to file less information with the SEC than a U.S. company. This may limit the information available to holders of the Ordinary Shares."*

Our Professional Skincare Segment: Obagi

Our professional skincare segment consists of the Obagi business. Unless the context otherwise requires, all references in this section to "Obagi," "we," "us," "our" and the "company" refer to the business of Obagi and its subsidiaries.

Obagi's Purpose and Ambition

Obagi exists to create the future of skincare so every face is cared for, everywhere. We offer transformative solutions at every stage of the skincare journey to help you greet the future with confidence. Our ambition is to be the top dermo-credentialed brand in the world, driving strong growth through channel and geographic diversification, and to continue to progress the industry that we pioneered with devices, new indications, and new product categories.

Corporate Information

Obagi launched in 1988 under the name Worldwide Product Distribution, Inc. and subsequently changed its name to Obagi Medical Products, Inc. in December 1997. In October 2007, the company completed an initial public offering of its common stock and was traded on Nasdaq under the trading symbol "OMPI." In April 2013, the company merged with and into Odysseus Acquisition Corp., with the company as the surviving corporation in the merger, becoming a wholly-owned subsidiary of Bausch Health. In November 2017, Bausch Health sold substantially all of the assets of Obagi Medical Products, Inc. and its subsidiaries to Obagi Holdings Company Limited ("Obagi Holdco"), (a wholly-owned subsidiary of Obagi), and Obagi Cosmeceuticals LLC ("Obagi Cosmeceuticals"), (a wholly-owned subsidiary of Obagi Holdco). We acquired Obagi through the Business Combination in July 2022.

Overview

Obagi is a global skincare products company that is rooted in research and skin biology. We develop, market and sell innovative skin health products in more than 65 countries around the world. Every product we develop stems from a deep understanding of the skin and how healthy skin functions. We believe the result is a highly compelling product portfolio designed to prevent or improve the most common, visible skin concerns such as fine lines and wrinkles, elasticity, photodamage, hyperpigmentation (spots or patches of skin that are darker than surrounding areas of skin), acne, oxidative stress, environmental damage and hydration.

Centered on our rich history in selling products to medical professionals who then dispense the products in-office directly to their patients, a distribution model referred to as the physician-dispensed channel, our portfolio today includes more than 150 cosmetic, OTC and prescription products, and a device sold throughout the medical, spa and retail channels.

- *Obagi Medical*®—Products within our flagship brand were historically designed for professional recommendation in a clinical setting. We now sell the entire Obagi Medical line through physicians, and our OTC and cosmetic products within the line online directly to consumers ("DTC") via our website and through other e-commerce channels. This line of professional systems and products is targeted to consumers looking for the most advanced product formulations in a customized skincare regimen. None of our products, including our prescription products, have been approved by the FDA or other similar regulatory authorities.
- *Skintrinsiq device*—Used in facial treatments offered by physicians' offices, spas and aestheticians.

The Skincare Market

According to the American Society of Plastic Surgeons, there were 26.2 million surgical and minimally invasive cosmetic and reconstructive procedures performed in the U.S. in 2022, which represents a 19% increase in cosmetic surgery procedures since 2019. We believe this reflects a growing desire and acceptance among the population to seek assistance from physicians to improve their appearance, including the appearance of their skin. One key driver of this trend is the aging of the "baby boomer" segment of the U.S. population, as well as the "millennial" segment, whose oldest members are now over 40. As a result, the average age of the country's population has increased over the last decade to a median age of 38.9. With the older population's strong desire to reduce the signs of premature aging, we expect the market

opportunity for skincare products to continue to grow. In particular, women tend to demonstrate a higher motivation than men to improve their personal appearances. The U.S. Census Bureau estimated that the number of women between the ages of 35 and 69, the primary users of our products, grew 21.7% between 2000 and 2018. In addition, during the recent COVID-19 pandemic, as in-person meetings shifted to video calls and virtual meetings, we believe adult consumers of all ages were progressively seeing themselves more on screen and began focusing more on their appearances. We believe that these trends will continue to drive an increased market demand for skincare products.

The U.S. physician channel business remains at the core of the Obagi Skincare business, with a large healthcare professional account base consisting of more than 5,300 active medical provider accounts as of March 2024, and management estimates there are approximately 18,800 licensed physicians comprising licensed dermatologists and licensed cosmetic surgeons, resulting in broad distribution of Obagi products. Based on the number of physicians who have opened accounts with us, we believe multi-specialty physicians are also dedicating resources in their practices to skin care in response to the rapid increase in consumer demand for non-invasive skincare treatments.

Over the last ten years, consumers have become increasingly knowledgeable about skincare science, ingredients and formulations. According to industry sources, consumers are shifting desire for quality over price and looking for higher performance products. Certain large retailers have been expanding brand assortments to capitalize on the fast-growing premium beauty skincare category. Specifically, they are trying to attract and maintain customers seeking more advanced products than offered by mass brands, but also looking for the purchasing convenience and accessibility of retail outlets.

Outside the U.S., the physician-dispensed skincare market varies by country due to cultural differences and regulatory requirements. Cultural desires for skin with lighter and more even pigmentation have created large and growing aesthetic skincare demands throughout Asia, particularly Japan, China, Korea, Vietnam and India. European and certain South American countries such as Brazil also present large skincare markets due to the complementary growth in cosmetic procedures and willingness on the part of their consumers to spend discretionary income on aesthetic enhancements.

Our comprehensive portfolio of products is designed to meet the needs of users no matter what their skin tone or where they are in their skincare journey.

Obagi Medical

Our flagship brand, launched in 1988, is among the most respected and most recognized brands in the professional skincare category. We believe the strength of Obagi Medical's reputation lies in the exacting standards and formulas we have developed to support our products including more than 30 studies across thousands of subjects and all six skin types on the Fitzpatrick scale, which classifies skin type according to the amount of pigment a person's skin has and the skin's reaction to sun exposure. None of these studies have been used to support an application for marketing approval with the FDA or other similar regulatory authority. Consequently, they were not designed to fulfill the specific requirements of such regulatory application process and should not be viewed as a substitute for clinical trials that would be conducted in connection with the application to the FDA or similar regulatory authority. Products within the Obagi Medical portfolio are developed using formulations specifically designed for the physician-dispensed market and stringent ingredient standards. Furthermore, Obagi conducts extensive testing to evaluate the performance of all products in the Obagi Medical portfolio, including the portfolio's cosmetic, OTC drug and prescription-strength drug product.

Obagi Medical is anchored by the Obagi Nu-Derm System, which we believe is the leading prescription-based topical skin health system on the market. The Obagi Nu-Derm System and related products accounted for a significant portion of the total products shipped in year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period) Sales of Obagi Nu-Derm products experience seasonality. We believe this is due to variability in patient compliance that relates to several factors such as a tendency to travel and/or engage in other disruptive activities during the summer months. While we have earned a strong reputation for offering premier hyperpigmentation solutions, our portfolio has expanded over time to include a line of Vitamin C powered antioxidant products, our Professional-C® line, as well as the ELASTIderm® line, which leverages a patented Bi-Mineral Contour Complex™ technology to address elasticity and firmness in the skin. Other products within the comprehensive Obagi Medical franchise include products to address hydration, sun protection and acne. These solutions incorporate a range of individual prescription and non-prescription therapeutic agents, as well as cosmetic ingredients to address the needs of consumers who seek advanced skincare in a customized skincare regimen designed by a professional.

OBAGI® MEDICAL

Transforming Skincare for Generations

Comprehensive Skincare Portfolio

- For more than three decades, Obagi has been transforming the skincare industry with medical-grade skincare for every skin type, tone, and concern.
- No matter the skin type, skin tone, age or gender, Obagi's diversified portfolio has a solution to address the skin concern.
- Obagi was the first skincare brand to test its products across the entire Fitzpatrick Skin Spectrum, a scientific classification that identifies six different skin types and the skin's reaction to sun or ultraviolet light exposure, ensuring product efficacy for all skin types from the very beginning. Our products aren't just for a few. They are formulated for everyone.

OBAGI NU-DERM® SYSTEM

Obagi's premier product line – The Obagi Nu-Derm® System helps to transform the look of skin by addressing hyperpigmentation and improving visible signs of skin aging. Prescription required.

Obagi Nu-Derm® is ideal for:
- Hyperpigmentation, melasma, sun spots
- Rough, uneven skin
- Appearance of fine lines and wrinkles

PROFESSIONAL-C® COLLECTION

The Professional-C collection serves as the second line of defense from environmental assailants that sunscreens often miss. Daily use helps to fortify and safeguard a more youthful-looking apperance. Formulated with L-Ascorbic acid, the most bioactive form of vitamin C, due to its superior ability to be absorbed and produce effective results - truly setting it apart from other forms of vitamin C.

Professional-C is ideal for:
- Protection against free radical damage
- Appearance of uneven skin tone, fine lines and wrinkles
- Signs of photodamage
- Signs of premature skin-aging

ELASTIDERM® COLLECTION

The ELASTIderm® collection specifically formulated to address skin aging on the face, neck and upper chest. Patented Bi-Mineral Contour Complex™ is an advanced ingredient technology that harnesses two minerals, zinc and copper, with malonate. It is specifically designed to support the three necessary stages of developing healthy elastin.

The ELASTIderm® Collection is ideal for:
- Loss of firmness
- Appearance of skin sagging, laxity, and crepiness
- Signs of skin aging on the face, eye area, neck and upper chest

TRETINOIN

Obagi Tretinoin is a potent type of Vitamin A that works deep within the skin to help address and prevent acne. Available in multiple strengths to meet different needs, this powerful acne treatment has been clinically proven to improve breakout symptoms and prevent the development of acne. Prescription required. Obagi Tretinoin is ideal for treatment of acne vulgaris.

OBAGI® REBALANCE

Obagi® Rebalance Skin Barrier Recovery Cream works to soothe skin, but also maintain a healthy microbiome with continued use. Restore balance with BarrierPlex™ Technology, an innovative proprietary blend of postbiotics, hydrating agents and soothing ingredients that help restore and rebalance the skin microbiome.

Obagi® Rebalance Skin Barrier Recovery Cream is ideal for:
- After in-office treatments like peels or laser
- Restoring hydration immediately and with continued use
- Rebalancing and maintaining the microbiome

OBAGI-C® RX SYSTEM

The Obagi-C® Rx System includes Vitamin C and prescription-strength hydroquinone to correct hyperpigmentation, such as dark spots. It also contains other key ingredients that help address the signs of skin aging to maintain younger-looking skin. Prescription required.

Obagi-C® Rx System products are ideal for:
- Hyperpigmentation from sun damage, including freckles and age spots
- Uneven skin tone
- Appearance of fine lines and wrinkles

SUZANOBAGIMD® SKIN CARE COLLECTION

The combination of clinically proven ingredients and antioxidants reveals healthier-looking, more radiant skin. Every product is hypoallergenic and made without parabens, synthetic fragrances, or dyes. Formulated for all skin types skin.

SUZANOBAGIMD® is ideal for:
- Appearance of photoaging, such as fine lines and wrinkles
- Rough skin texture
- Lackluster, delicate skin
- Sensitive skin

OBAGI NU-CIL™ COLLECTION

The OBAGI Nu-Cil™ Collection is specifically formulated with innovative NouriPlex™ technology, a synergistic blend of clinically proven ingredients that enhance your healthy-looking lashes and brows in as little as 8 week of use*.

Obagi Nu-Cil™ Collection ideal for:
- Sparse, lacking in volume, dull and brittle eyelashes
- Over tweezed, patchy, thin or light-in-color eyebrows
- Targeted application for eyelashes and eyebrows

*Full results seen as followed: Lash Study 2021 16-week double blind study. Brow 2022 12-week study. Data on file at Obagi Cosmeceuticals LLC

DAILY HYDRO-DROPS®

This facial serum is an innovative hydrator that provides instant results for a "pick-me-up" from a dull, lackluster complexion. Revolutionary Isoplentix™ technology harnesses the purest forms of vitamin B3, Abyssinian Oil and Hibiscus Oil.

Daily Hydro-Drops® benefits:
- Provides antioxidant rich Abyssinian and Hibiscus oils
- Supports skin's natural barrier
- Immediately provides smoother skin that feels hydrated all day
- Diminishes the appearance of fine lines and wrinkles over time

OTHER

Other high growth collections including CLENZIderm M.D.®, Obagi Hydrate ® Facial Moisturizer, Sun Shield™.

Certain of our products listed above, including Nu-Derm Clear, Blender® and Sunfader, as well as Obagi-C® Rx C-Clarifying Serum and Obagi-C Rx C-Night Therapy Cream, which are part of the Obagi-C Rx Systems, contain 4% HQ. These products are marketed as prescription-only drugs, however, we have not sought nor obtained the required premarket approval from the FDA to market these products in the U.S. The FDA has historically utilized a risk-based enforcement approach with respect to drugs marketed without approval in accordance with its active CPG, issued in 2006 and subsequently amended in 2011, in which the FDA announced a drug safety initiative to remove unapproved drugs from the market and established enforcement priorities and a policy of enforcement discretion with respect to marketed unapproved products. While the FDA has expressed its view that all prescription HQ products should be reviewed and approved by the FDA, we believe our prescription-only HQ products do not fall within the previously established categories of unapproved drugs for which the FDA has indicated it prioritizes enforcement. We have not received any communications from the FDA or any similar regulatory authorities regarding our Nu-Derm HQ or any other products. However, whether due to safety concerns or otherwise, in the future the FDA may choose to pursue an enforcement action against us and determine that our HQ products should be removed from the market until we obtain approval of an NDA. For example, although our prescription-only HQ products are made with 4% HQ, the FDA has historically expressed concerns regarding the safety of 2% HQ products, sold on an OTC basis. In particular, in August 2006, the FDA issued a proposed rule that cited certain preclinical evidence suggesting that HQ may be carcinogenic, if orally administered, and may be related to a skin condition called ochronosis, which results in the darkening and thickening of the skin, and the appearance of small bumps and grayish-brown spots, after use of concentrations as low as 1 to 2 percent. The FDA also concluded that it could not rule out the potential carcinogenic risk from topically applied HQ, and classified OTC skin-bleaching drug products, including HQ, as not GRASE, as misbranded, and as new drugs within the meaning of the FDCA, meaning that such products would need to be approved through the NDA process in order to be legally marketed in the U.S. Although this proposed rule was never finalized, in March 2020 the CARES Act was enacted, which among other things deemed any OTC drugs that were identified as not GRASE in the FDA's most recent proposed rulemaking for such OTC drugs to be "new drugs" and misbranded within the meaning of the FDCA, meaning that such drugs could not be marketed without an approved drug application as of September 23, 2020. As a result, products containing HQ are prohibited from being marketed in the U.S. as OTC drug products without an approved NDA. Subsequently, on April 19, 2022, the FDA announced that it had issued warning letters to 12 companies for continuing to sell 2% HQ products on an OTC basis, citing violations of the applicable CARES Act provisions. Furthermore, in June and July of 2022, the FDA issued warning letters to two other manufacturers of products containing HQ.

The FDA's announcement also cited reports describing serious side effects associated with the use of skin lightening products containing HQ, including reports of skin rashes, facial swelling, and skin discoloration. The FDA's safety concerns regarding these lower-concentration OTC HQ products could prompt the FDA to assert that our higher-concentration, prescription-only HQ products represent a higher priority for enforcement pursuant to the active CPG. In many countries, including the EU, Canada, Australia and Japan, HQ is regulated as a drug and requires a prescription. We have not sought nor obtained regulatory approval to distribute our HQ products in these countries, and instead offer our Nu-Derm Fx and Obagi-C Fx solutions, which contain the skin brightening agent arbutin, for these markets. In the EU, the European Commission has expressed concerns on the potential use of (alpha and beta) arbutin in cosmetic products this has led to additional consultation with the SCCS (Scientific Committee on Consumer Safety), further to which call for data was launched which ended in April 2021. In January 2023, the SCCS issued its final opinion on the safety of alpha arbutin and beta arbutin in cosmetic products. The main conclusions in this opinion were that: (i) that alpha-arbutin used in face creams up to a maximum concentration of 2% and in body lotions up to a concentration of 0.5% is safe, also when used together; (ii) beta-arbutin used in face creams up to a maximum concentration of 7% is safe; (iii) HQ should remain as low as possible in formulations containing alpha-or beta-arbutin and should not be higher than the unavoidable traces in both arbutins, and (iv) aggregate exposure of alpha-arbutin (2% in face cream and 0.5% in body lotion) with beta-arbutin (7% in face cream) are considered safe. No amendments were made to the EU Cosmetics Regulation prohibiting or restricting the use of alpha- and/or beta-arbutin following this final opinion. See "Item 3. Key Information—D. Risk Factors—Legal and Regulatory Risks That Could Adversely Impact our Obagi Skincare Business." In addition, Obagi's arbutin products are permitted to be sold in the Asia-Pacific region countries in which Obagi distributes such products.

Obagi Clinical

Our Obagi Clinical line, launched in December 2018, was designed to meet the needs of "skin-tellectual" consumers who may not yet regularly visit a dermatologist or skincare professional. The product line was primarily targeted for Southeast Asian markets. This retail skincare brand leveraged the over 30-year legacy of Obagi Medical to incorporate clinically proven ingredients in cosmetic and OTC solutions that maintain healthy, more youthful-looking skin, mitigate environmental damage and address the emerging signs of skin aging. In connection with the restructuring of Obagi

Skincare's business in Southeast Asia, in 2023, the Company decided to discontinue the Obagi Clinical range and focus on selling the flagship Obagi Medical range in the region.

Sales of Obagi Clinical products have accounted for an insignificant portion of our net revenue for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period).

Skintrinsiq

In 2021, facial services saw the greatest increase in demand among minimally invasive procedures. Capitalizing on this trend, Obagi, in collaboration with Theravent, Inc., was the first professional skincare company to market a professional-use facial device offering consumers an advanced delivery system for Obagi's transformational products.

Leveraging our expansive knowledge as a leader in the skincare market, we began distributing the Skintrinsiq device powered by Obagi InfuseIQ™ technology to physician's offices and medical spas in July 2021. The device features a small footprint and easy-to-use interface designed to minimize training time and maximize time for skin care. Additionally, the Skintrinsiq device offers physicians another opportunity to consult with consumers about their at- home skincare regimens and creates a mechanism for patient retention. We believe the Skintrinsiq pricing allows physicians to quickly recoup their initial expense while offering facial treatments to patients at a reasonable price. Based on the intended use of the product, we do not believe that the Skintrinsiq device meets the FDA's definition of a medical device, and therefore we believe this product is exempt from FDA premarket review requirements. However, the FDA may disagree with our determination and require us to cease marketing the Skintrinsiq device unless and until we obtain marketing authorization from the FDA. We are aware that manufacturers of light emitting products that make express acne treatment claims have sought clearance through the 510(k) pathway and that the FDA has taken action against manufacturers of some light-emitting products used to alter or improve appearance on the grounds that those products are unapproved medical devices. In addition, regulators in other markets in which the Skintrinsiq device may be sold may have a different interpretation of whether it may constitute a medical device, including in light of rapidly evolving legislation on this matter, which means that it is possible that regulators in other markets, such as the U.K., will consider the devices as a medical device.

The Skintrinsiq device uses innovative technology designed to extract debris and impurities from the skin, infuse Obagi skincare products exactly where they are needed most and then lock them in so they can continue working even after the treatment ends. We have also incorporated an optional simultaneous LED light to provide red and/or blue light to help meet a wide variety of skin health goals. We believe customized Skintrinsiq protocols can accelerate patients' transformations and take Obagi skincare results to the next level. By improving results, we believe the Skintrinsiq device will help attract new consumers to physician practices and medical spas.

Obagi Science

Innovative Research and Development

Over the course of our over 30-year legacy, Obagi has amassed more than 80 global patents on product and technology innovations, which we believe sets us apart from our competitors. The table below sets forth a description of the material patents owned by Obagi Cosmeceuticals and/or its affiliates and the jurisdictions in which they are valid:

Name of Patent	Jurisdictions	Expiration Date
Anti-Aging Treatment Using Copper and Zinc Compositions	Australia, Canada, Czech Republic, France, Germany, Great Britain Hungary, Italy, Japan, Mexico, Poland, South Korea, Spain, Turkey, U.S.	June 2026
Chemical Compositions and Methods of Making Them	France, Germany, Great Britain, Italy, Japan, Mexico, Poland, South Korea, Spain, U.S.	Jan.2026-Feb. 2027
Methods for Lightening Skin Using Arbutin Compositions	U.S.	Nov. 2028
Skin Lightening Compositions Comprising Arbutin	Canada	Nov. 2028
Skin Treatment Compositions	France, Germany, Great Britain, Japan, Mexico, Netherlands, Norway, Poland, South Korea, Spain, Sweden	Nov. 2028-Aug. 2030
Stable Organic Peroxide Compositions	Belgium, Canada, Czech Republic, Estonia, France, Germany Great Britain, Hungary, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Mexico, Monaco, Netherlands, Romania, South Korea, Slovak Republic, Slovenia, Switzerland, U.S.	Mar.-June 2026

Although a number of these patents will expire over the next five years, we do not believe the expiration of such patents will have a material effect on our business or results of operations because the formulations for the products covered by such patents are still treated as trade secrets, which are known only by a limited number of need-to-know employees, CMOs of the products who are bound by strict confidentiality provisions, and regulatory authorities as required. In addition, we are aware that other solubilized versions of benzoyl peroxide are already currently available on the market using different technologies than ours and, as a result, the expiration of the related patents will likely not have an impact on the availability of competitor products.

World Class Research and Development (R&D) Program

Our R&D program aims to design products and execute studies that demonstrate the high-quality design of our formulas and powerful performance of our products. We apply a scientific approach to all of our products, from inception to development and testing. After formulation, all of our products are tested for integrity, safety and performance.

Bausch Health, the manufacturer of our tretinoin products, holds an ANDA for such products, meaning the FDA has found such products to be bioequivalent to other tretinoin products approved through the NDA process. To approve an NDA for a product, the FDA generally requires applicants to demonstrate the safety and efficacy of the product through successful completion of well-controlled clinical trials usually employing several hundred to a few thousand subjects. None of our other products are distributed under an NDA or ANDA approved by the FDA. However, the FDA may require us to conduct well-controlled clinical trials to establish the safety and efficacy of our prescription strength HQ products and to obtain an NDA to continue marketing our HQ products. See “Item 4. Information on the Company—B. Business Overview—The Skincare Market—Government Regulation—*U.S. Regulation of Drug Products*” for more information on potential FDA requirements. Nonetheless, we do conduct thorough testing of all of products, whether they are cosmetics, OTC drugs or prescription-strength products, to evaluate their safety and performance. Prior to launch, our products undergo several safety tests, including, but not limited to, human repeat insult patch tests, used to help predict the likelihood for induced allergic contact dermatitis, comedogenicity tests, to ensure the product does not clog pores, and cumulative irritation tests. In addition to these safety and tolerability studies, we have conducted more than 30 studies with the leading academic

institutions and key independent experts in dermatology and aesthetic medicine for our products, including, but not limited to, the following:

Product	Study	Principal Investigator
Obagi Nu-Derm System *(hydroquinone)*	We have conducted 10 studies on our Nu-Derm System that included a total of over 500 patients with Fitzpatrick skin types I-IV to assess (a) how well the system addresses hyperpigmentation and photodamage; (b) how well the system works as compared to other skincare regimens; and (c) how well the system works when used in conjunction with other skincare solutions.	James H. Herndon, Jr., MD M.L. Sigler, PhD Marta I. Rendon, MD FAAD Michael Gold, MD Suzanne Bruce, MD David Pariser, MD Pearl Grimes, MD Joel Schelssinger, MD Mitchel P Goldman, MD Suzanne Bruce, MD
Obagi-C Rx System *(hydroquinone)*	We have conducted two studies on the Obagi-C Rx System, including (a) one that involved 30 patients to assess how well the system addresses photodamage and fine lines and wrinkles and (b) an in vitro study that evaluated how well the L-ascorbic acid in the system absorbs into and remains in the skin.	Suzanne Bruce, MD Paul A. Lehman, MSc
CLENZIderm System *(OTC monograph for topical acne products)*	We have conducted 3 studies on our CLENZIderm System that included a total of 90 patients to assess (a) how well the system addresses acne, (b) how well the solubilized BPO in the system enters skin follicles and (c) how well the system works as compared to other acne regimens.	Leonard Swinyer, MD Suzzanne Bruce, MD Mary C. Spellman

None of our HQ studies have reported serious adverse events ("SAEs"). A number of participants in the Obagi Nu-Derm System studies reported adverse events ("AEs"), which included dry skin, erythema (superficial reddening of the skin), pruritus (itchy skin) and skin exfoliation. No participants that received Obagi Nu-Derm discontinued any of the studies due to the occurrence of an AE. Specifically:

- In the Herdon Study, in which 71 participants of a total of 301 received Obagi Nu-Derm, there were no severe side effects, SAEs or AEs reported in the Obagi Nu-Derm arm of the study, however some participants experienced mild erythema, scaling, burning and itching.
- In the Rendon study, 21 of the 38 participants that received Obagi Nu-Derm reported AEs that were related to the trial material, with such AEs including moderate dry skin, redness, itching and peeling and one reported case of severe dryness and peeling. No SAEs were reported in this study.
- In the Grimes study, 3 of the 20 participants that received Obagi Nu-Derm reported AEs that were related to the trial material, with such AEs including 2 participants that experienced mild dry skin, redness, itching and peeling, and 1 participant that experienced moderate redness. No severe side effects or SAEs were reported in this study.
- In the Nu-Derm Botox study and Nu-Derm IPL study, some participants experienced transient dryness, redness and irritation, but by the end of the studies those levels had returned to baseline. No participants in these studies reported severe side effects and no SAEs were reported.

In the study assessing how the Obagi-C Rx System, our other HQ product, addressed photodamage, of the 30 participants, 16 reported in the first week AEs that were at least probably related to the trial material, including 5 reported cases of dryness, 2 redness, 2 peeling, 2 milia (tiny white bumps on the skin), 1 rash, 1 pruritus, 1 contact dermatitis and 1 burning session and 5 reported cases in the second week of dryness and peeling. No SAEs were reported in this study.

In the CLENZIderm studies, of the 55 participants in these studies, only one participant reported AEs of dryness and peeling. No SAEs were reported in these studies and no participants that received the CLENZIderm System discontinued any of the studies due to the occurrence of an AE.

We also help to demonstrate the craftsmanship of our formulas through stability tests, penetration studies, head-to-head comparative studies and consumer perception studies. We constantly seek new protocols and testing methods that analyze and demonstrate the power of our products. For example, Obagi-commissioned head-to-head studies have indicated the Obagi Nu-Derm System, Obagi Nu-Cil™ and Hydrate Luxe® products outperform competitors across certain key attributes and a consumer preference survey commissioned by Obagi in 2019 highlighted consumer preference for Obagi's Professional-C Serum 20% over a leading competitor's product. We continue to expand our collaborations with leading dermatologists and institutions to coordinate additional studies for new product uses and formulations. In alignment with our value of promoting and representing diversity and inclusion in skincare, Obagi was the first physician-dispensed skincare brand to design clinical research protocols to cover all six skin types across the Fitzpatrick scale. Today, we remain focused on that commitment to ensure we deliver on our promise of providing high-quality products for every stage of the skincare journey, no matter your age or skin tone.

As discussed above, products that are regulated solely as cosmetic products are not intended to have a pharmacological effect on the body, and our studies are not intended to suggest or establish such an effect for such products. Further, our studies are substantially smaller in scale (generally using over 30 but under 200 subjects) and rigor than FDA required studies, including only one phase of testing rather than the three phases typically required by the FDA. None of these studies have been used to support an application for marketing approval with the FDA or other similar regulatory authority. Consequently, they were not designed to fulfill the specific requirements of such regulatory application process and should not be viewed as a substitute for clinical trials that would be conducted in connection with the application to the FDA or similar regulatory authority.

SKINCLUSION® Initiative

In May 2019, we launched our SKINCLUSION initiative, designed to elevate the global dialogue about diversity and how we can all make conscious choices to see the beauty in all our differences. Born from the insight that more than 70% of consumers do not see themselves represented in beauty marketing and advertising, we aimed to change the narrative. Leading with our conviction to provide transformative skincare for every face, everywhere, we built a communication platform to discuss why representation matters, show how lack of inclusivity stems from unconscious bias, and inspire other industry leaders to follow suit. Since then, we have continued to progress this initiative by incorporating more diversity in our model photography, our social media content, and our brand ambassadors. We champion new areas to represent diversity such as partnering with a woman who became the first model with Down syndrome to represent a skincare brand.

The campaign mirrors Obagi's commitment to diversity and inclusion in all aspects of its business – from corporate culture to product development. With ambassadors ranging from celebrities and renowned dermatologists to a Down Syndrome advocate, role model and model, the global awareness initiative also includes donations supporting organizations like the International Cultural Diversity Organization and Project Implicit.

Sales and Marketing

Domestic

In the U.S., we sell our Obagi Medical systems and related products to physicians, including physicians on site at medical spas, through our direct sales force. The medical professionals we sell to then dispense our products in-office, directly to their patients, a distribution method commonly referred to as the "physician-dispensed" channel. We also sell the Skintrinsiq device through the physician-dispensed channel as well as to licensed aestheticians. We believe that the physician-dispensed distribution model ultimately results in higher patient satisfaction because it is better suited to the provision of system-based skin care than traditional distribution channels. Our physician customer base consists primarily of plastic surgeons and dermatologists, but also includes physicians from other practice areas, such as general practice, family practice, internal medicine, dental and OBGYNs who are adding skin care to their practices.

Obagi Skincare remains focused on the U.S. physician channel business, with a large healthcare professional account base consisting of more than 5,300 active medical provider accounts as of March 2024, and management estimates there are approximately 18,800 licensed physicians comprising licensed dermatologists and licensed cosmetic surgeons, resulting

in broad distribution of Obagi products. Our sales and marketing team consisted of 119 sales, marketing and education specialists, including 98 dedicated sales representatives and managers, as of December 31, 2023 (Successor Period). In addition to providing our accounts with products, we also offer turn-key practice building programs and patient events to help these physicians grow their practices, as well as in-office materials on our products for their patients.

All of the Obagi products for the physician-dispensed channel are sold through the Physician Channel Provider, which purchases products from us to maintain a sufficient inventory for this channel and operates and manages the ordering portal for our physician customers, receives and fulfills orders, and provides customer service functions (including call center services), processes product returns, runs customer credit checks, and offers invoicing, and collection, accounts receivable and chargeback services. Although the Physician Channel Provider is considered to be our customer as they purchase products from us for physicians and customers who purchase products from us on our e-commerce platform, we maintain control of the product inventory in their warehouse and manage the relationship with the end customer until immediately prior to their sale and do not recognize revenue for sales to the Physician Channel Provider until sell through to the end customer. See “Item 5. Waldencast’s Operating and Financial Review and Prospects” for more information on the recognition of revenue from the Physician Channel Provider.

In 2018, we launched a collaboration with Massage Envy to carry select Obagi Medical products throughout their national franchised spas, including our larger professional sized products for facial services offered at the spas.

We also sell products to consumers via e-commerce platforms through our online store at www.obagi.com as well as on www.amazon.com and through Target’s online store at www.target.com as well as a number of other e-retailers and distributors and we intend to increasingly develop this sales channel to capture additional margin opportunities.

The North American market accounted for the majority of our net revenue for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period), respectively.

International

International markets accounted for a significant portion of our net revenue for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period), respectively. We address international markets through 31 international distribution partners that have sales and marketing activities in over 65 countries outside of the U.S., and a trademark and know-how license agreement and a license distribution agreement for the retail drug store channel in Japan. We target distribution partners who are capable and willing to mirror our sales and distribution model in the U.S. and who have an established business and reputation with physicians. The products that we sell internationally are generally the same formulations as those sold in the U.S.; however, in some instances, formulations have been modified to comply with the regulatory requirements of certain countries, particularly in the U.K., Europe and Asia. These distributors use a model similar to our business model in the U.S., addressing their territories through direct sales representatives who sell to physicians, or through alternative distribution channels, depending on regulatory requirements and industry practices. Our distribution agreements typically grant distributors the right to distribute and sell our products to licensed medical professionals and skincare clinics within a specified territory, require them to purchase a specified minimum amount of our products each year and have a term of two to five years.

Similar to our domestic sales channels, we intend to increasingly develop our online and e-commerce distribution channels and generally reserve the rights to distribute our products through other channels and e-commerce in such territories.

Although we have a broad base of international distributors, our SA Distributor historically accounted for a significant portion of Obagi’s net revenue for the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period). See “Item 5. Waldencast’s Operating and Financial Review and Prospects” for more information regarding net revenue from Obagi’s SA Distributor. Obagi’s agreement with the SA Distributor granted the SA Distributor a non-exclusive right to distribute our products in Vietnam and South Korea, contained minimum purchase requirements and had a term that expired on December 31, 2026. In January and October 2022, we executed amendments with the SA Distributor to, among other things, expand the countries within Southeast Asia in which it may distribute Obagi products. In March 2023, as part of our strategy to internalize distribution channels in key markets, certain of Obagi’s subsidiaries entered into and consummated the Vietnam Purchase Agreement, pursuant to which, among other terms, Obagi acquired certain assets of

Obagi Vietnam from the SA Distributor and, in return, the SA Distributor received forty percent (40%) of the outstanding equity of Obagi Blue Sea Holding, LLC, an indirect subsidiary of Obagi and the parent company of Obagi Vietnam. The Vietnam Purchase Agreement also provided the SA Distributor with a potential earnout payment based upon the net revenue of the business of Obagi Vietnam during the twelve-month period ending on December 31, 2026, subject to setoff for any owed obligations. We currently do not anticipate that any such earnout payment shall be payable. The SA Distributor does not currently have any active participation in the Obagi Vietnam business other than as a silent shareholder. Due to non-performance by the SA Distributor of its obligations pursuant to the Vietnam Purchase Agreement and certain other matters, we took further steps in 2023 to further restructure the business of Obagi Vietnam by hiring a new local management, finance and sales teams to replace the previous SA Distributor team, entering into new online and offline distribution agreements with reputable partners and re-applying for all product registrations, which were obtained in June 2023.

We intend to continue expanding our international presence in key locations, such as Asia, Europe and South America, by entering into strategic relationships or building our own distribution structure. We believe that there is potential for significant sales growth of our products in international markets, particularly in Southeast Asia, Europe and Brazil, due to cultural emphasis on overall skin health and appearance, and the continued development and acceptance of surgical and non-surgical cosmetic procedures throughout many countries of the world.

Licensing

In Japan, we built an alternative model to build a presence and brand awareness for our products. For example, in Japan we launched a formal long-term relationship by entering into a Trademark and Know-How License Agreement with Rohto to market and sell products in Japan using the Obagi brand name. Under our current agreement, Rohto is licensed to manufacture and sell a series of OTC and cosmetic products developed by it under the Obagi brand name in the Japanese drug store channel, for which it pays us a license fee. In 2008, we expanded that relationship to provide for collaboration on the development of new products and to pursue the higher end department store channel in Japan. Our strategic partner in Japan has engaged in aggressive direct-to-consumer advertising, which we believe has raised consumer demand in Japan, creating greater brand awareness in the physician channel to the benefit of our core prescription lines. In April 2019, we entered into a Distribution and Supply Agreement with Rohto that gave us the exclusive right to sell their Obagi branded products in the cross-border e-commerce channel in the PRC, which agreement was assigned to Obagi Hong Kong in connection with the Business Combination.

Concurrently with the Business Combination, on the Closing Date we entered into an Intellectual Property License Agreement (the "IP License Agreement") and Global Supply Services Agreement (the "Supply Agreement") with Obagi Hong Kong for the sale of Obagi products throughout the China Region. Under these agreements, we will supply, or cause to be supplied through certain CMOs (as defined in the Supply Agreement), Obagi products to Obagi Hong Kong and its affiliates, and Obagi Hong Kong will purchase such products, with the exclusive right to distribute and sell such products in the China Region. In return, Obagi Hong Kong will pay us a royalty of five and a half percent (5.5%) of gross sales of licensed products, subject to certain deductions. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" for a description of these related party transactions.

We will continue to look for credible partners to address new geographies, and to evaluate alternative channel opportunities in Japan and other countries to drive brand awareness and accelerate overall market penetration.

Strategic Initiatives for Driving Growth

Our ambition is to be the top dermo credentialed brand in the world, driving strong growth through channel and geographic diversification. Obagi plans to focus on three key initiatives to achieve this goal:

- ***Brand Expansion***—We plan to continue building upon the highly respected reputation of the Obagi brand. We see significant market opportunity to build broad brand awareness in consumer segments beyond those who receive their skincare from healthcare professionals. In July 2021, we launched the Skintrinsiq device for use in spas as well as medical offices. We have also experienced positive sales increases following the endorsement of our products by celebrities and popular publications. In particular, we recognize the opportunity to reach a younger consumer base that is increasingly interested in clinically proven skincare products. Complementary to these efforts, we are engaging in efforts to enhance our brands' aesthetic appeal by refreshing our packaging and in-clinic merchandising.

- ***Channel Expansion***—While we continue undertaking significant efforts to further our market penetration within the physician-dispensed channel, we intend to also focus on continuing to implement our omni-channel strategy to expand our distribution beyond this market segment. In December 2020, in tandem with the redesign of our own website, we launched our first e-commerce store to enable us to sell our Obagi Medical OTC and cosmetic products directly to consumers through www.obagi.com. We see particular adjacent opportunity in the spa channel, where consumer demand for medical grade skin solutions has increased. In 2018, we launched a collaboration with Massage Envy to carry select Obagi Medical products throughout their national franchised spas, including our professionally sized products for facial services offered at the spas. We launched the Skintrinsiq device in several practices as of December 31, 2022, with 73% of our aesthetic practice partners and 80% of initial consumers recommending the device treatments. Additionally, in Q3 2023 we launched a partnership with specialty retailer Blue Mercury to carry select Obagi Medical products at select locations.
- ***International Growth***—Finally, we intend to continue expanding our international presence. As we continue to enhance our own U.S. online web store, we plan to build and execute a global e-commerce strategy that will enable us to reach consumers in several international markets, including some in which we may not have a distribution partner. At the same time, we will focus on growing our network of third-party distributors in key large international markets, such as Europe, Latin America, Southeast Asia and the Middle East, or expanding through the acquisition of distributors, such as our acquisition of Obagi Vietnam from the SA Distributor, and building out our own sales infrastructure to distribute products directly into new geographic areas such as Southeast Asia. We also plan to drive distribution of our products through strategic relationships in other countries, including Japan and China.

Competitive Strengths

We believe we are well-positioned to achieve our strategic initiatives as a result of the following competitive strengths:

- ***Market leading brand***—Obagi has been a leader in the physician-dispensed market from inception, being one of the first companies to offer skincare products in the physician-dispensed market over 30 years ago. Management believes that Obagi is well regarded by physicians for our marketing and innovation, customer service and education among large brands in the physician-dispensed market.
- ***Robust portfolio of high-quality, innovative products***—Our product portfolio currently consists of over 150 products. While some of the competitors in the skincare market also offer a broad spectrum of products, only one other competitor offers both prescription strength and non-prescription products. In addition, many competitors in our primary market, physician-dispensed, generally have more narrowly focused offerings, addressing only targeted skincare problems, while our portfolio addresses all of the most common visible skin disorders.
- ***Diversified, omni-channel market with global geographic coverage***—We believe that our diversified, omni-channel strategy gives us a competitive advantage over many skincare companies that choose to focus only on the physician-dispensed market. By offering a skincare line developed specifically for physicians as well a device that can also be used in the spa and wellness channels, we believe we are able to expand our brand recognition and meet the consumer where they are in their skincare journeys. In addition, our global breadth into over 65 countries positions us well to achieve worldwide brand recognition. Our strategic relationship with Rohto and agreements with Obagi Hong Kong allow us to penetrate the markets in Japan and China, as well as the development of our operations in Vietnam through the acquisition of Obagi Vietnam from the SA Distributor and build out of a direct sales infrastructure in Southeast Asia, which represents a large growing market for skincare, and we intend to continue expanding our network of distributors and strategic partners.
- ***Specialized and efficient global sales force***—Our domestic internal sales force of 119 professional representatives and education specialists as of December 31, 2023 (Successor Period) allows us to develop close relationships with the physicians who dispense our products throughout the U.S. In addition, our global sales force consists of 31 international distributors who sell our products in over 65 countries throughout the world. We believe the breadth and experience of our internal and global sales network provide us with a competitive advantage.

Competition

The market for aesthetic and therapeutic skin health products is highly competitive and we expect the intensity of competition to increase in the future. We also expect to encounter increased competition as we enter new markets and/or distribution channels, attempt to penetrate existing markets with new products and expand into new distribution channels. Our principal competitors are large, well established companies in the fields of pharmaceuticals, cosmetics, medical devices and health care. Our largest direct competitors include SkinCeuticals and Skinbetter Science, divisions of L'Oréal

S.A., SkinMedica, Inc., a division of Allergan, Inc., ZO Skin Health, and PCA Skin and EltaMD, each a division of Colgate-Palmolive. Our indirect competitors for Obagi Medical® products sell skin care products directly to consumers, and generally consist of large well known cosmetic companies, including, but not limited to, La Roche-Posay, Dermalogica, Murad and dermatologist backed brands, such as Dr. Dennis Gross. We also face competition from medical device companies offering products to physicians, aestheticians and spa and wellness centers that are used in facial treatments. We face additional competition in certain product categories with online direct-to-consumer telemedicine companies who offer compounded solutions for comparable skin concerns.

Competitive factors in our market include:

- product efficacy, uniqueness, quality, reliability of performance and convenience of use;
- brand awareness and recognition;
- breadth of product offerings;
- sales and marketing capabilities and methods of distribution;
- resources devoted to product education and technical support;
- speed of introducing new competitive products and existing product upgrades; and
- cost-effectiveness.

We face and will continue to face intense competition. A number of our competitors have greater R&D and marketing capabilities, more diverse distribution channels and greater financial resources than we do. These competitors may have developed, or could in the future develop, new technologies that compete with our products or render our products obsolete. We are also likely to encounter increased competition as we enter new markets and as we attempt to further penetrate existing markets.

Manufacturing

We currently outsource all our product manufacturing to third-party CMOs. We have two or more qualified CMOs for some of our key products, however, certain products, including some of our sun protection products, are currently supplied by a single source. The termination of our agreement with a single source supplier or any loss or disruption of services under such agreement could be difficult for us to replace upon the same favorable terms. The transfer of technology required to begin using a new CMO is also a lengthy process, which can take six to 18 months to achieve. We believe our manufacturing processes provide us with a competitive advantage, which we have developed through years of experience formulating skin care products. For all of our proprietary product concepts, we believe we own the related manufacturing processes, methods and formulations.

In the U.S., we use FDA-compliant CMOs who specialize in the manufacture of prescription and OTC pharmaceutical and/or cosmetic products. The CMOs manufacture products pursuant to our specifications. All of our CMOs are required by law to comply with cGMPs. We require all CMOs with whom we have agreements to represent and warrant to us that the products they produce for us are made in accordance with cGMPs, including documentation, recordkeeping, building and facility design, equipment maintenance and personnel requirements. We pre-qualify and continually monitor our CMOs for quality and compliance. We also require documentation of compliance and quality from those CMOs for whom we act as representative in connection with the promotion and sale of their products.

Bausch Health, which formerly owned the business of Obagi, is our only supplier and manufacturer of tretinoin. We have a contract with Bausch Health that has an initial termination date in 2027. While there are several other manufacturers of generic tretinoin, the termination of this agreement or any loss of services under the agreement could be difficult for us to replace upon the same or similar favorable terms.

In October 2020, we entered into development and production agreement with Theravant, Inc., under which Theravant has agreed to work collaboratively with us to develop and manufacture the Skintrinsiq device exclusively for Obagi. We serve as the exclusive distributor of the device under the agreement. The term of the agreement expires at the end of December 2024.

Intellectual Property

The design of our systems and products is generally proprietary to us, and we hold over 80 provisional and issued patents worldwide for the composition of many of these products. Our success depends in part on our ability to obtain and

maintain proprietary protection for our product candidates, technology and know-how, to operate without infringing the proprietary rights of others and to prevent others from infringing our proprietary rights. Our policy is to seek to protect our proprietary position by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development of our business when appropriate. We also rely on trade secrets, trade dress, know-how, continuing technological innovation and in-licensing opportunities to develop and maintain our proprietary position.

We have pursued an aggressive trademark registration policy aimed at achieving brand recognition and product differentiation in the market. We own over 1,200 U.S. and foreign trademark registrations and applications and common law marks.

We have also acquired rights to market, distribute, sell and, in some cases, make products pursuant to license agreements with other third parties that grant us the right to use the product formulas, trademarks and other trade secrets; these agreements do not include products that have underlying patents. For instance, in December 2016, Obagi entered into an exclusive license and distribution agreement with Nextcell Medical Company, under which we have the exclusive right to market, sell and distribute the SUZANOBAGIMD line of products in the U.S. and all U.S. territories. The term of the agreement was renewed in early 2024 and expires in 2029.

In April 2021, we entered into a master supply and distribution agreement with Maxey Cosmetics LLC ("Maxey"), under which we purchase our Obagi Nu-Cil™ products from Maxey and have been granted the right to market, sell and distribute them throughout the world, with such right being (i) exclusive in Asia and (ii) shared with Maxey, which is permitted to sell similar products under its own brand name, through any of its current distribution channels (except for certain specified major cosmetic retail outlets) in the U.S., Europe, Africa and the Middle East. The agreement has an initial term through April 2026.

Employees

As of December 31, 2023 (Successor Period), Obagi Skincare had 165 employees. Obagi Skincare employees include 119 in sales and marketing, 6 in research, development and quality control, 15 in operations and distribution and 19 in administrative functions. Our employees are all non-unionized.

At Obagi, we are committed to hiring and nurturing diverse talent and believe this is one of the keys to our current and future success. More than 30% of the Obagi Skincare employee base identifies as BIPOC. Additionally, the Obagi leadership team consists of a diverse group of professionals, 67% of whom are women, dedicated to promoting inclusivity.

The team has built a culture that combines a fast moving and outcome-oriented mindset with a tight knit sense of community, winning both a Top Workplaces USA Award and a Top Workplace Led by Women Award in 2022. Obagi is mindful of diversity during the recruiting and retaining process and believes that diversity is key to its culture and long-term success, with 85% of our employee base being women.

Properties

Obagi's corporate headquarters were located in Long Beach, California until September 2022, when we temporarily moved our headquarters to Houston, Texas. In January 2024, Obagi relocated its headquarters back to its Long Beach offices, where it occupies facilities totaling approximately 28,300 rentable square feet under a lease that expires in May 2026. In September 2022, we temporarily relocated our headquarters to The Woodlands, Texas, where we rent approximately 16,460 square feet of additional office space under a lease that will expire in July 2032. We have entered into a sublease for this space that will run through December 2025. We also lease warehouse facilities located in Conroe, Texas under a lease that will expire in February 2031 and plan to sublease those facilities as well. The warehouse space includes approximately 35,000 square feet of warehouse space and 4,200 square feet of office space. We use our office spaces primarily for our management, R&D, sales, marketing, operations, finance, legal, human resources and general administrative teams. We believe that our Long Beach office space is adequate for our current needs and should we need additional space, we believe we will be able to obtain additional space on commercially reasonable terms.

Government Regulation

Obagi products are subject to regulation by the FDA the FTC and comparable state, local and foreign regulatory authorities and, over time, the regulatory landscape for our products has become more complex with increasingly strict

requirements. These laws and regulations govern, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, disposal, record-keeping, promotion, advertising, distribution, marketing, export and import of drugs and cosmetic products. Noncompliance with applicable regulations could result in enforcement action by the FDA, FTC, or other regulatory authorities within or outside the U.S., including, but not limited to, product seizures, injunctions, product recalls, and criminal or civil monetary penalties, all of which could have a material adverse effect on our business, financial condition and results of operations.

U.S. Regulation of Cosmetics Products

The majority of our products are cosmetics. The FDCA defines cosmetics as articles or components of articles intended for application to the human body to cleanse, beautify, promote attractiveness, or alter the appearance. The labeling of cosmetic products is subject to the requirements of the FDCA, the Fair Packaging and Labeling Act, and other laws and regulations. Cosmetics are not subject to pre-market approval by the FDA; however certain ingredients, such as color additives, must be pre-approved for the specific intended use in the product and are subject to certain restrictions on their use. The FDA may, by regulation, require warning statements on certain cosmetic products for specified hazards associated with such products. FDA regulations also prohibit or otherwise restrict the use of certain types of ingredients in cosmetic products.

In addition, the FDA requires that cosmetic labeling and claims be truthful and not misleading. Moreover, cosmetics may not be marketed or labeled for their use in treating, preventing, mitigating, or curing diseases or other conditions or in affecting the structure or function of the body, as such claims would render the product to be a drug and subject to regulation as a drug. The FDA evaluates the "intended use" of a product to determine whether it is a drug, cosmetic product, or both. The FDA may also consider labeling claims in determining the intended use of a product. If the FDA considers label claims for cosmetic products to be claims affecting the structure or function of the human body, or intended for a disease condition, then such products may be regulated as "new drugs" within the meaning of the FDCA, meaning that such products would generally require premarket review and approval by the FDA to be legally marketed in the U.S. In addition to FDA requirements, state consumer protection laws and regulations can subject a cosmetics company to a range of requirements and theories of liability, including similar standards regarding false and misleading product claims, under which state enforcement or class- action lawsuits may be brought.

We market certain products, such chemical peels, as cosmetics, with the stronger peels sold only to licensed healthcare providers for professional use only. However, the FDA may disagree with our determination that these products do not require FDA premarket review and approval. Similar risks may apply in foreign jurisdictions. If any of our products we intend to sell as cosmetics were to be regulated as drugs, we might be required to conduct, among other things, clinical trials to demonstrate the safety and efficacy of these products and to apply for pre-market approval of such products from the FDA.

Significant changes to the regulatory landscape for cosmetic products are anticipated for the coming years as a result of the enactment of MoCRA. Under MoCRA, companies will be obligated to adhere to new requirements for cosmetics, such as new labeling standards for specific products, safety substantiation, facility registration, product listing, adverse event reporting, compliance with cGMPs, mandatory recalls and record-keeping requirements for such products and the manufacturing facilities in which they are produced, among other things. Companies will need to be in compliance with many of the new requirements no later than July 1, 2024. MoCRA requires the FDA to issue regulations governing cGMP for cosmetic manufacturers by December 2025 and additional labeling requirements are expected to go into effect in 2024. We already require all third-party CMOs who enter into agreements to produce our products to represent and warrant to us that the products are made in accordance with cGMPs, including documentation, recordkeeping, building and facility design, equipment maintenance and personnel requirements. We have written agreements in place with all such U.S. CMOs except one.

Our products are also subject to regulation by the CPSC under the provisions of the Consumer Product Safety Act, as amended by the Consumer Product Safety Improvement Act of 2008. These statutes and the related regulations ban consumer products that fail to comply with applicable product safety laws, regulations and standards. The CPSC has the authority to require the recall, repair, replacement or refund of any such banned products or products that otherwise create a substantial risk of injury and may seek penalties for regulatory noncompliance under certain circumstances. The CPSC also requires manufacturers of consumer products to report certain types of information regarding products that fail to comply with applicable regulations. Certain state laws also address the safety of consumer products, and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

U.S. Regulation of Drug Products

In the U.S., the FDA regulates drugs under the FDCA and its implementing regulations. Our prescription-only products containing hydroquinone are regulated as drugs, however, to date, we have not sought or obtained required NDAs or other FDA approvals for these products. Based on the historical evolution of the legal and regulatory framework applicable to drugs in the U.S., the FDA acknowledges that there are some drugs on the market that lack required FDA approval for marketing. The FDA has historically utilized a risk-based enforcement approach with respect to drugs marketed without required approvals. In 2003, the FDA issued a Compliance Policy Guide, or CPG, which was finalized in 2006 and subsequently amended in 2011, in which the FDA announced a drug safety initiative to remove unapproved drugs from the market and established enforcement priorities and a policy of enforcement discretion with respect to marketed unapproved products. Under this policy, the FDA indicated that it intended to give higher priority to enforcement actions involving unapproved drug products in certain categories, including drugs with potential safety risks and ineffective dugs that could be used in lieu of effective treatments. Although this CPG was withdrawn and the drug safety initiative was terminated on the basis of a Federal Register notice in 2020, a subsequent Federal Register notice in May 2021 withdrew the prior notice terminating the program and the CPG, and the FDA indicated that it plans to continue to prioritize enforcement based on its existing general approach, which involves risk-based prioritization in light of all the facts of a given circumstance. We believe our prescription-only HQ products do not fall within the previously established categories of unapproved drugs for which the FDA has indicated it prioritizes enforcement. To date, we have not received any communications from the FDA or any similar regulatory authorities regarding our Nu-Derm HQ or any other products and neither the FDA nor any other regulators have prohibited us from selling our prescription HQ products in the U.S. or in other jurisdictions. However, there can be no assurance the FDA or any other regulatory authorities will not take enforcement action against us, or otherwise require us to obtain premarket approval or similar authorization of our prescription HQ products.

The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources, and generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in accordance with the FDA's Good Laboratory Practice requirements and other applicable regulations;
- submission to the FDA of an Investigational New Drug application requesting authorization from the FDA to administer an investigational biologic to humans which must become effective before human clinical trials may begin;
- approval by an independent Institutional Review Board or ethics committee at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practices ("GCPs"), to establish the safety and efficacy of the proposed drug for its intended use. Clinical trials generally include the following:
    - Phase 1: the product is initially introduced into healthy human subjects or patients with the target disease or condition to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness.
    - Phase 2: the product is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.
    - Phase 3: the product is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval.
    - In some cases, the FDA may require, or sponsors may voluntarily pursue, additional clinical trials after a product is approved to gain more information about the product. These so-called Phase 4 studies, may be conducted after initial marketing approval, and may be used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA, including:

- preparation of and submission to the FDA of an NDA after completion of all pivotal trials;
- a determination by the FDA within 60 days of its receipt of an NDA to file the application for review
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with cGMP requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity, and of selected clinical investigation sites to assess compliance with GCPs; and
- FDA review and approval of the NDA to permit commercial marketing of the product for particular indications for use in the U.S.

Hatch-Waxman Act

Section 505(j) of the FDCA establishes an abbreviated approval process for a generic version of approved drug products through the submission of an ANDA. Certain of our products, including tretinoin products, are marketed pursuant to an ANDA held by Bausch Health. An ANDA provides for marketing of a generic drug product that has the same active ingredients, dosage form, strength, route of administration, labeling, performance characteristics and intended use, among other things, to a previously approved product.

Over-the-Counter Drug Products

We currently market certain non-prescription drug products, including certain products that are intended to treat acne or be used as sunscreens, which are regulated as OTC drug products by the FDA. Certain OTC drug products are subject to regulation pursuant to the FDA's "monographs," which provide rules applicable to each therapeutic category of non-prescription drug, and establishes conditions, such as active ingredients, uses (indications), doses, labeling, and testing procedures, under which an OTC drug within that particular category may be GRASE, and therefore can be marketed without obtaining pre-market approval of an NDA or ANDA. To be legally marketed, among other things, OTC drug products marketed under an OTC monograph must be manufactured in compliance with the FDA's cGMP requirements for drug products, and the failure to maintain compliance with these requirements could lead to FDA enforcement action. Moreover, a failure to comply with the OTC monograph requirements could lead the FDA to determine that the drug is not GRASE, and thus is a "new drug" requiring approval in accordance with the NDA process described above.

U.S. Regulation of Medical Devices

Medical devices are subject to extensive and rigorous regulation by the FDA and by other federal, state and local authorities. The Federal Food, Drug, and Cosmetic Act and related regulations govern the conditions of safety, efficacy, clearance, approval, manufacturing, quality system requirements, labeling, packaging, distribution, storage, recordkeeping, reporting, marketing, advertising, and promotion of medical devices. Unless an exemption applies, each medical device commercially distributed in the U.S. requires either FDA clearance of a 510(k) premarket notification or approval of a premarket approval application (a "PMA"). Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I includes devices with the lowest risk to the patient and are those for which safety and effectiveness can be assured by adherence to the FDA's General Controls for medical devices, which include facility registration and product listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising and promotional materials. Class II devices are subject to the FDA's General Controls, and special controls, which can include performance standards, post-market surveillance, patient registries and FDA guidance documents. While most Class I devices are exempt from the 510(k) premarket notification requirement, manufacturers of most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. Devices deemed by the FDA to pose the greatest risks, such as life-sustaining, life- supporting or some implantable devices, or devices that have a new intended use, or use advanced technology that is not substantially equivalent to that of a legally marketed device, are placed in Class III, requiring approval of a PMA. Some pre-amendment devices are unclassified but are subject to the FDA's premarket notification and clearance process in order to be commercially distributed. We believe that, based on its intended use, our Skintrinsiq device does not meet the FDCA's definition of a medical device and have not sought FDA premarket review of this product. However, the FDA may disagree with our determination and subject the Skintrinsiq device to medical device regulations. Similar risks may apply in foreign jurisdictions where we market our products.

Foreign Government Regulation

A key part of the growth strategy for our Obagi Skincare business is to expand the sale of Obagi products in international markets. To market our products in many non-U.S. jurisdictions we must obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. In some countries, we do not have to obtain prior regulatory approval but instead may need to comply with a notification system and/or do have to comply with other regulatory restrictions on the manufacture, importation, distribution, marketing and sale of our products. We may be unable to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market. In several countries, we rely on distributors or other third parties to comply with and obtain any relevant approvals, licenses or registrations. The approval procedure varies among countries and can involve additional testing and data review. The time required to obtain approval in non-U.S. jurisdictions may differ from that required to obtain FDA approval and could be lengthy. For instance, in June 2022, the SA Distributor encountered a prolonged delay in obtaining required approvals from the drug administration in Vietnam, which prevented it from importing and selling our products into the country for an extended period of time. After the acquisition of Obagi Vietnam from the SA Distributor, Obagi Vietnam applied for and received the required approvals to distribute our products in that country in June 2023. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. In addition, many countries from time to time evaluate the regulatory status of various products and ingredients. We may not obtain foreign regulatory approvals on a timely basis, if at all, or may choose not to implement a country's labeling requirements if to do so would have a negative impact on our international or domestic operations.

For additional information on the regulatory requirements related to our products, see "Item 3. Key Information—D. Risk Factors—Legal and Regulatory Risks That Could Adversely Impact our Obagi Skincare Business—*Changes in laws, regulations, enforcement trends in international markets could harm our business.*"

Legal Proceedings

Obagi is not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against Obagi which if adversely determined could have a material adverse effect on Obagi. See "Item 4. Information on the Company—B. Business Overview—Legal Proceedings" and "Item 8. Financial Information—Note 17. Commitments and Contingencies" for more information on legal proceedings and investigations, including the SEC investigation, involving the Company.

Our "Clean" Makeup Segment: Milk

Our "clean" Makeup Segment consists of the Milk Makeup business. Unless the context otherwise requires, all references in this section to "we," "our," "us," the "company," or "Milk Makeup" generally refer to Milk and its consolidated subsidiaries.

Milk Makeup's Dream and Mission

Our ambition at Milk is to build the top global makeup brand of the next generation. Our mission is to serve and empower our community to live their look by creating effective, easy to use, vegan, clean cruelty-free beauty products.

Company Overview

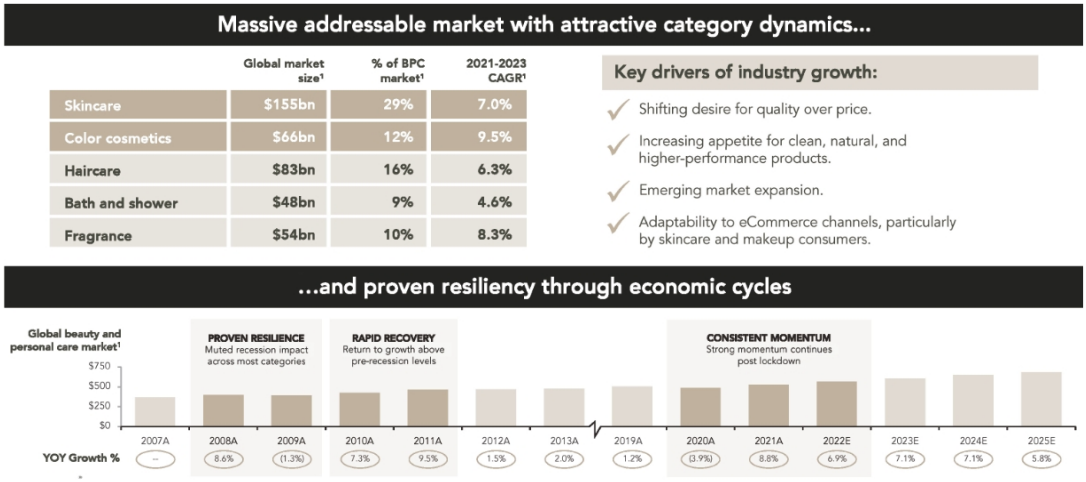
Milk Makeup is a leading, award-winning clean prestige makeup brand with unique products, a strong following among Gen-Z consumers and an emerging global presence.

We believe that our inclusive brand values, "clean" product philosophy (see "Item 4. Information on the Company—B. Business Overview—Values and Commitments—*'Clean' Products"*) and commitments to sustainability and philanthropy are at the zeitgeist of what will motivate the next generation of beauty consumers around the world. These values and product attributes will only become more relevant over time. We believe that our ability to authentically connect with youth culture while developing unique, effective and easy to use products that are also 100% vegan, clean and cruelty-free sets us apart from other brands.

Milk Makeup was launched in 2016 with the goal of building a global movement to challenge and broaden the definition of beauty. Community and self-expression are at the heart of everything we do. We believe that it's not how you wear your makeup, it's what you do in it that matters. This ethos is captured in our brand signature, "Live Your Look." All aspects of the brand are designed in-house at our downtown NYC home.

In 2023, Milk was the #2 clean brand in Sephora in the U.S., with our Hydro Grip face primer and Lip + Cheek as category leading best-sellers. We are a "hybrid" brand, offering an innovative selection of both makeup and skincare products. This allows us to play a broader role in our community's beauty routine and also positions us for expansion into new categories both within and outside of makeup and skincare. Our other top products include Matte Bronzer, Hydro Grip Set + Refresh Spray, Kush Mascara, Kush Brow and Pore Eclipse Primer. We currently have strong positions within Sephora in the primer, mascara, blush and bronzer categories. We believe we have opportunities in large segments of the

cosmetics market such as foundation, concealer, brow, liner and lip color. Outside of cosmetics, we believe that we have untapped opportunities in skincare and potentially other categories such as haircare, fragrance, bath and shower which, as illustrated in the chart below, are significant markets. We believe that Milk Makeup has the ability to build a premier cross-category beauty brand.



Source: Euromonitor International; Beauty & Personal Care, 2022 ed, retail value sales, current prices, 2021 fixed ex rates.

The brand is currently distributed online via www.milkmakeup.com, in omni-channel retail through Sephora (in the U.S. (including Sephora at Kohl's), Canada, EU, Middle East and Australia), on Amazon, in the U.K. at Sephora, Space NK and online at Cult Beauty and ASOS. We have opportunities to accelerate within our existing footprint and grow in both new channels and regions.

Milk Makeup is anchored by a strong community with significant room for growth as awareness and distribution continue to build. As of December 31, 2023 (Successor Period), Milk Makeup had 2,330,000 followers on Instagram, 805,000 followers and 13,600,000 likes on TikTok, 1,370,000 monthly views on Pinterest, 109,000 followers on Facebook, 88,770 subscribers on YouTube and 63,800 followers on X (formerly known as Twitter).

We have strong awareness among Gen-Z with opportunities to build across all other age groups. According to a July 2023 survey conducted by Sephora of female participants aged 16-64 who have purchased beauty products for themselves in the past three months, Milk Makeup has 88% awareness among "Gen-Z" participants, 74% awareness among "Millennial" participants, 66% awareness among "Gen-X" participants and 47% awareness among "Boomer" participants. This awareness and resonance with the younger core audience is a key strength of the brand and, we believe, a key differentiator from the large legacy brands. Our plan is to continuously renew relevance with our younger core demographic while expanding into more mature demographics, who tend to have higher disposable income, through awareness building and product storytelling. This will create strong future growth potential for the brand.

Milk Makeup's strategy to building a top clean make-up brand of the new generation

Our strategy is based on three goals:

- ***Grow our consumer base***: drive more awareness and trial of our products by reinvesting in operational efficiencies, increasing marketing spend and leveraging our owned ecosystem to increase awareness, trial and topline growth. Additionally, we plan to broaden our brand footprint to recruit more Millennials while continuing to build on our strong position with Gen-Z consumers.
- ***Brand expansion***: expand our make-up assortment and enter into new sub- categories by accelerating and scaling product innovation and building on hero products to create category champions (products in the top 5 of their respective categories) with global resonance. We plan to continue evolving our margin by optimizing our hero product lines and focusing on higher margin products.

- ***Internationalize***: build global brand awareness by continuing to utilize, strengthen and maximize our distribution relationship throughout the Sephora ecosystem, while expanding our presence in key markets, such as the UK and Latin America, leveraging our brand success to develop a highly efficient international and direct-to-consumer model.

Industry Overview

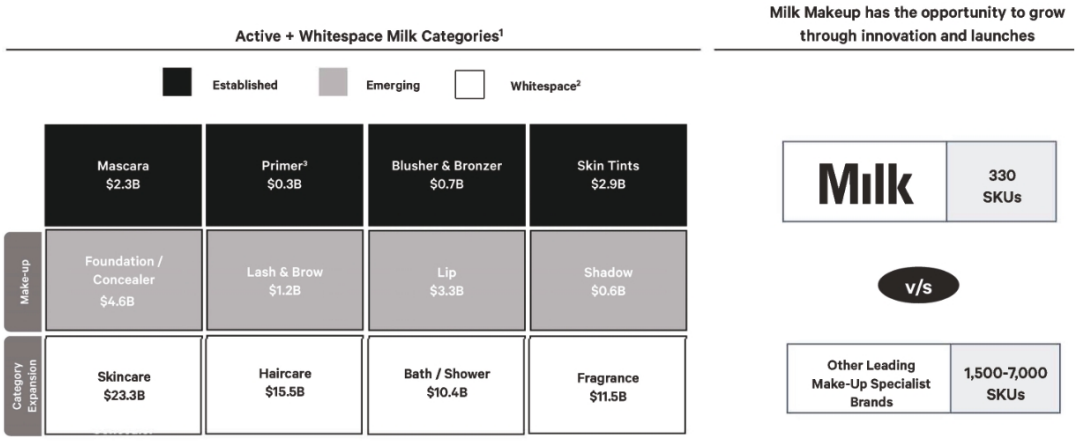
Milk Makeup operates within a subsector of the cosmetics industry known as color cosmetics. The cosmetics industry is comprised primarily of face makeup, eye makeup, lip products, nail products and cosmetics sets/kits. According to industry sources, global sales of face makeup were $24.0 billion in 2020. Cosmetics sets/kits are combinations of products that are packaged together and often offered with a promotional incentive relative to buying the products separately.

The cosmetics industry is large and fragmented. There are established multi-national competitors such as Unilever P.L.C., Coty Inc., L'Oréal S.A., The Estée Lauder Companies, Inc., P&G, Revlon Inc., Shiseido Company, Limited, Puig and e.l.f, Beauty Inc., in addition to independent companies such as Rare Beauty, Anastasia Beverly Hills, Pat McGrath Labs, Huda Beauty, Ilia, Kosas, Saie,Tower 28 and Forma.

We believe there is a clear opportunity for Milk Makeup to gain share within this market. We believe that our advantage lies in our ability to build a strong community, our agility in responding to emerging trends and speed to market, as well as our ability to connect deeply with and meet the needs of the next generation of consumers. In addition, we believe that many of the barriers to entry that previously prevented younger brands from gaining scale, such as the need to have robust research and development capabilities, heavy traditional media investment and broad distribution are no longer critical to succeeding in the market today due to the availability of high quality third-party CMOs, the strength of social media in driving awareness and relevance, and the weight of e-commerce within beauty and the consumer's desire for high performance products and a premium brand experience.

Product Overview

Milk Makeup offers an exciting portfolio of over 300 makeup and skincare SKUs. We currently have bestselling products at Sephora in the U.S. in the primer and mascara categories with our Hydro Grip primer and Lip + Cheek. We also have strong positions in the bronzer category with Matte Bronzer, mascara category with Kush Mascara and brow category with Kush Brow, and the showcasing the versatility of the brand. These products are part of a $5.0 billion prestige color cosmetics category in the U.S. alone, much of which we have yet to truly address. We currently have limited offerings in the foundation and concealer categories as well as brow, liner, eyeshadow and lip color. We also believe that we can expand further into other beauty categories such as skincare, haircare, bath/shower and fragrance. The chart below highlights the market breakdown and demonstrates where we have both existing strengths and future opportunities.



(1) Market sizes reflect 2021E data for the U.S. market; Euromonitor International; Beauty & Personal Care and Color Cosmetics in the U.S., 2022ed, retail value sales, current prices, 2021 fixed ex rates.

(2) Areas where management believes product offering expansions or introduction of new categories are possible.

(3) Primer refers to EMI's category BB/CC creams and skin tints refers to EMI's premium foundation/ concealer.

Beyond strong rankings, our products have won multiple prestigious awards including the 2023 Cosmopolitan Reader's Choice Beauty Award; Sculpt Stick, which won the 2023 Allure Best of Beauty Award; Pore Eclipse Matte Setting Spray, which won both the 2023 Allure Best of Beauty Award and the 2023 Elle Canada/Quebec Beauty Grand Prix Award; Future Fluid All Over Cream Concealer, which won the 2023 Cosmopolitan Holy Grail Award and the 2023 Elle Canada/Quebec Beauty Grand Prix Award; and Kush Brow Lamination Gel, which won the 2023 Cosmopolitan Beauty Award.

Sales and Distribution Strategy

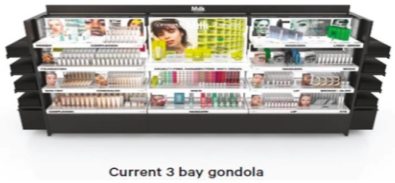
Milk Makeup has had a strong exclusive relationship with Sephora covering most markets, including the U.S., Canada, Europe, the Middle East, Australia and New Zealand. This has allowed the Milk Makeup brand to quickly rise within the category ranks through exceptional launch support and visibility both in-store and online. In a crowded and fragmented market, our partnership with Sephora has allowed us to break through despite limited marketing spend. Selling through Sephora has also allowed us to internationalize efficiently due to the synergies within the Sephora ecosystem in terms of common management, terms, and merchandising.

Front of store takeover in Sephora Dubai flagship


1st Gondola 50 doors, all 2 bay

SST US front of store takeover

Pop up store in Sephora Time Square


Current 3 bay gondola

MILK Ad in Times Square

Front of store takeover in Sephora Champs Elysees

Unprecedented KUSH launch support

Milk Makeup has an established distribution footprint across Sephora North America. In 2019, Milk Makeup began expanding internationally into Cult Beauty and Sephora Europe, then in 2020 into Sephora Middle East, Selfridges and cross-border into China, and finally in 2021 into Sephora Australia and New Zealand. We believe that we have significant opportunities to increase our sales within our existing footprint, including gains in productivity and distribution expansion, such as Sephora at Kohl's, while expanding into high growth international markets such as India. For the year ended December 31, 2023 (Successor Period), Milk Makeup's international retail revenue accounted for a substantial portion of its total net revenue.

Milk Makeup has entered into distribution or vendor agreements with Sephora North America, Sephora Canada, Sephora Middle East and Sephora Australia and New Zealand. Pursuant to those agreements, we grant Sephora the exclusive right to import and distribute our selected products within the territories described in the agreements. In addition, those agreements contain a term of exclusivity of up to three years, which can be automatically renewed by either party. Each of these agreements can be terminated without penalty by either party by giving advance written notice to the other party. None of our agreements with Sephora contain any minimum purchase requirements. In early 2023, Milk entered into new amendments with respect to the Sephora agreements that updated certain terms and extended the exclusivity of the Milk brand with Sephora through 2024 in certain of the above regions.

As of November 2023, Milk Makeup was present in approximately 1,400 Sephora locations in the U.S. and 100 in Canada, including Sephora inside JCPenney and Sephora at Kohl's locations. In Europe, Milk Makeup was present through Sephora in France, Germany, Spain, Sweden, Denmark, Italy, Poland, Portugal, Switzerland, Greece, the Czech Republic and the Balkans and Turkey.

Our e-commerce site, www.milkmakeup.com, is a direct-to-consumer, platform that currently ships across the U.S. For the year ended December 31, 2023 (Successor Period), milkmakeup.com accounted for an insignificant portion of our net revenue, and Milk Makeup management currently expects this to increase substantially by 2025 as a percent of overall net sales.

We are actively gauging other e-commerce expansion opportunities across other regions and exploring other channels.

Competition

Our main competitors are Unilever P.L.C., Coty Inc., e.l.f. Beauty Inc., L'Oréal S.A., LVMH Moet Hennessy Louis Vuitton SE, The Estée Lauder Companies Inc., P&G, Revlon Inc. and Shiseido Company, Limited. These companies own both legacy brands as well as younger previously independent brands. Milk Makeup also competes directly with privately held brands, including Pat McGrath Labs, Ilia, Kosas, Rare Beauty, Anastasia Beverly Hills, Huda Beauty, Forma, Saie, Tarte and Tower 28. Ilia, Saie, Kosas and Tarte, which are also clean beauty brands and have partnerships with Sephora, are the key competitors of Milk Makeup. Among other areas, Milk Makeup believes that it competes against other cosmetics brands on price, quality of products and packaging, perceived value, innovation, in-store presence and visibility, and e-commerce and mobile commerce initiatives. Milk Makeup is focused on expanding its market share in the color cosmetics industry and continuing to be a leader in clean make-up.

Competitive Strengths

Authentic Brand with Innovative, Iconic Products

Milk Makeup is an authentic, culturally relevant brand with an impactful message of empowering our community to live their look and offering effective, vegan, clean, easy-to-use products. Our cruelty-free, globally compliant formulas allow diverse consumers to experiment with their color and find a look that they truly love. Milk Makeup products are designed to have unique and innovative packaging, formula and delivery systems and have proven to have strong market retention and growth, even in an industry that is constantly evolving. We believe that the desire for shared values and effective, clean products will only grow and will position our brand for considerable future growth.

Engaged, Desirable Community

Our community is the heart, soul and inspiration of our brand and a key point of differentiation, both in terms of our ability to resonate with the younger demographic and our content and community capabilities in social media. Our community has been built organically, with fans and users advocating for our brand and products across various social media platforms and introducing others to our products. Since launching, Milk Makeup has built an impressive, inclusive and diverse social media presence, with 2,330,000 followers on Instagram, 805,000 followers and 13,600,000 likes on TikTok. 1,370,000 monthly views on Pinterest, 109,000 followers on Facebook, 88,770 subscribers on YouTube and 63,800 followers on X (formerly known as Twitter) as of December 31, 2023 (Successor Period). These accounts keep our community engaged with the brand, alert them to new product offerings and allow us to interact directly with our consumers, monitoring any feedback they may have and adjusting our content and investments in accordance. In an age where social media and influencer marketing provide tangible results, we believe that our unique and engaged social media presence provides a competitive edge.

Established Domestic Omni-Channel Platform with Proof Points Internationally

In the U.S., Milk Makeup has a leading market position among clean brands in Sephora and a burgeoning direct-to-consumer presence through milkmakeup.com. We also have a growing retail presence across Europe, the Middle East, Australia, New Zealand and the U.K. We have plans to continue the aggressive expansion of our international footprint. We believe there is considerable opportunity to further increase penetration across all of the markets in which we are currently competing while entering large untapped markets including Brazil, Mexico and South Asia. Currently, outside of

North America, international retail sales of Milk Makeup are highly diversified. For the year ended December 31, 2023 (Successor Period), Milk Makeup's international revenue accounted for a significant portion of its total revenue.

Strong Historical Sales Growth with Potential for Future Growth and Gross Margin Expansion

Milk Makeup historically has experienced strong, double-digit yearly growth in net revenue, including during the years ended December 31, 2023 (Successor Period) and 2022 (Successor Period), while improving product margins. We plan to execute margin expansion initiatives, including boosting direct-to-consumer sales and introducing higher margin products. See "Item 4. Information on the Company—Growth Opportunities— *Improve Operational Efficiency and Profitability"* for details.

Growth Opportunities

Grow Customer Base and Brand Awareness

Milk Makeup has a significant opportunity to increase our customer base and drive higher brand awareness and first purchase as consumers become more educated about our high-quality product offering and strong values around inclusivity and social responsibility. Put into context in terms of ranking, Milk Makeup is one of the top 15 makeup brands today within Sephora U.S. and we believe we can become a strong top 10 brand. Incremental opportunities also exist with Milk Makeup's other retail partners such as Cult Beauty and at new potential retailers.

We have several strategic initiatives to drive brand awareness. We plan to leverage the strength of our current media ecosystem (for which we were recognized with multiple awards from various publications) and reinvest in operational efficiencies to increase and improve marketing spend behind further expanding reach. Further, we plan to create collaborations with non-beauty brands to broaden our reach and increase brand appeal to new audiences. These efforts have the ultimate aim of attracting new Millennial customers while building upon the existing resonance with Gen-Z customers.

Accelerate Direct-to-Consumer Channel

To build and accelerate a substantial direct-to-consumer business, Milk Makeup has undertaken several initiatives that we believe will drive increased reach and improved repeat purchase rates and marketing efficiency. These strategic developments will also position the business with a diversified sales mix between e-commerce and retail sales channels. Our core direct-to-consumer initiatives include technological improvements (including website enhancement), optimization of the marketing funnel, development of the e-commerce team, rollout of direct-to-consumer exclusive offerings and building out operations to expand into new markets. We also plan to leverage the Waldencast platform and e-commerce expertise to further accelerate our direct-to-consumer growth.

Expand Distribution to New Geographies and, Over Time, Potential New Retailers Domestically and Internationally

We believe there are several large and meaningful potential retail partnerships in international markets for us to pursue. As compared to our current 100% Sephora door penetration in North America, we have less than 50% door penetration in Sephora stores located in Europe and the Middle East. While in Sephora in Australia/New Zealand we are in approximately 70% of doors and have not yet entered Sephora Asia or Latin America. Entering more Sephora doors internationally and enhancing this key relationship is a significant focus area. Further, Milk Makeup can potentially expand upon our Sephora European brick-and-mortar presence to address untapped opportunities with new channels. New market opportunities also exist for our direct-to-consumer platform, as currently milkmakeup.com only ships products in the U.S. In alignment with our strategy to drive brand awareness, we plan to develop international capabilities that will allow us to service international markets over time. Finally, we have opportunities to expand our retail distribution network over time.

Extend Product Offerings

Milk Makeup plans to leverage our relevance and appeal to introduce new offerings in our product portfolio that both build on existing category strengths such as primer and mascara while addressing new categories. As previously noted, we have established positions in Mascara, Primer, Blush and Bronzer, but also significant opportunity to enter into other categories such as foundation/concealer, lash and brow, lip color and eyeshadow. Further, we are exploring expanding further into skincare and possibly entering other categories such as haircare, body, bath and shower and Fragrance over time. Currently, our product portfolio consists of over 300 SKUs.

Improve Operational Efficiency and Profitability

As our clean makeup business gains scale, there are several initiatives in place to drive improved operational efficiency and profitability. Our new cost-of-goods-sold framework, featuring annual negotiations and value analysis on hero SKUs as well as gross margin targets for new products, will facilitate gross margin expansion. Other strategic tactics include annual price increases on key SKUs, further expansion into higher margin categories (complexion and skincare) and an evolving channel mix that is more accretive. To help address rising operating costs, Milk Makeup will continue to undergo forecasting and supply chain optimization projects. With these key developments, we believe that we can continue to scale rapidly and profitably. While the global supply chain disruption is impacting the overall market, we have taken a proactive approach to protect ourselves including increasing stock coverage on our hero products.

Leverage Favorable Industry Tailwinds

Milk Makeup is well-positioned to capitalize on strong and favorable industry tailwinds. With consumer desires shifting towards quality clean, natural and vegan products, over price considerations, we believe that our brand position as an authentic and innovative provider of vegan, clean, cruelty-free products provides us an advantage in addressing these evolving customer dynamics. Additionally, in accordance with broader consumer sentiment focusing on environmental and other environmental, social and governance ("ESG") concerns, we constantly evaluate our packaging for more sustainable options, further reinforcing our credibility as a desirable brand for consumers searching for those attributes. We believe that these consumer desires will only increase over time and that they will help to propel our business as we scale globally.

Values and Commitments

We believe that a key strength and point of differentiation for us with our community are our shared values and the commitments that we have made to uphold them. Strong ESG scores and values are table stakes for young consumers and mandatory for modern brands. These are present in everything that we do.

"Clean" Products

From day one, we have always strived to create breakthrough, effective products that are also clean, vegan and cruelty-free. When we launched, we called our product ethos "cool, clean beauty that works." At Milk Makeup, we use the word "clean" to describe how we formulate our products. We define "clean" using the following factors:

- *No Animal Products and Byproducts:* All of our products are Leaping Bunny Certified, which means that Milk Makeup does not test on animals at any stage in its supply chain. Additionally, our products have no animal derivatives and are 100% vegan.
- *"Clean" Ingredients*: We are dedicated to creating natural products, which means our products will never contain any of the over 2,500 controversial and potentially harmful or irritating ingredients, including parabens, sulfates, BHA, BPA, plastic microbeads, talc, urea, retinyl palmitate, mercury or mercury-containing ingredients, resorcinol, formaldehyde, aluminum salts, and mineral oil. We publish a complete and growing list of ingredients it will never use in our "Ingredient No List."
- *Natural Products:* Milk Makeup follows ISO 16128 guidelines, where "natural" means plant, mineral, and/or microbiologically derived ingredients. We want to bring products that are as natural as possible to our community, while also not compromising on quality and performance. We are always striving to improve, and are currently working toward making new formulas that are over 80% natural.
- *Ethically Sourced Ingredients*: We have committed to ethical and responsible sourcing for our formulas from start to finish. For any products containing mica or palm-derived ingredients, we only use ethically sourced and sustainable mica and sustainability certified palm-derived ingredients. Milk Makeup also exclusively works with cGMP compliant factories.

Dedication to More Sustainable Packaging

Since our launch, we have focused on creating packaging that is iconic, innovative, easy to use, and pairs perfectly with our formulas. We are also committed to reducing our overall impact on the environment. We recognize that we have a

lot of work to do in this area and are constantly striving to make our packaging more sustainable, starting with new products and continuing on to shipping and partnerships. We are focusing on the following sustainability initiatives:

- *More Sustainable Shipping*: Starting in January 2021, we redesigned our e-commerce shipping system and started transporting our products in a new, sustainable shipping box and bag. Our new shipping box is printed with petroleum-free plant-based inks and its inner bag is made from 100% post-consumer waste, both of which are made in the U.S. Both the new box and bag are both 100% recyclable once the adhesive strip on the packaging is removed.
- *Environmentally Friendly In-Store Packaging*: Milk Makeup is working to use less plastic, offer more refills and use more post-consumer resin and recyclable materials on packaging and in-store merchandising, which includes launching new product display systems that use 63% less plastic on average than previous displays, introducing refills where possible, and exploring the use of mono plastic to make recycling easier.

Commitment to Diversity and Inclusion

Milk Makeup's mission is to empower our community to live their look. We believe in beauty for all, which means we are committed to the importance of diversity, equity and inclusion ("DE&I"). This commitment starts by striving to create a workplace where everyone can thrive. We have made five commitments with respect to DE&I within our teams, consumers and partners and we have, and intend to continue to update them on our progress with respect to these commitments every year. These include increasing representation among our teams and partners, educating, communicating and taking action internally to support our DE&I objectives, giving back 1% of our sales from our website to The Center NYC and 1% to the Fashion Scholarship Fund and being accountable by providing updates on our progress every June and December.

Properties

Milk Makeup's corporate headquarters are located in New York, New York, where Milk Makeup occupies facilities totaling approximately 17,500 rentable square feet under a lease that expires November 30, 2030. We primarily use these facilities for corporate offices and as an in-house studio. Additionally, we sublease from Milk Studios Los Angeles LLC certain space in Los Angeles, CA for a fee of $0.015 million per month. We primarily use these facilities for corporate offices and as an in-house studio. Milk Makeup does not own any real property.

Employees

The success of the Milk Makeup business depends on its employees and the culture that attracts them. Milk Makeup has built a team of industry professionals focused on promoting beauty for all. Milk Makeup's culture focuses on creativity, self-expression, inclusion, respect and trust. As of December 31, 2023 (Successor Period), Milk Makeup had 92 full time employees. None of Milk Makeup's employees are represented by a labor organization or are a party to any collective bargaining agreement.

As part of our DE&I initiatives, we are committed to inclusive hiring and interviewing practices Milk Makeup and work with recruitment agencies who represent talent who identify as BIPOC. 40% of Milk Makeup's employees identify as BIPOC. Milk Makeup considers its relationships with employees to be vital, and is focused on creating a great place to work through the effective attraction, development, retention of and compensation to human resource talent.

Intellectual Property

Milk Makeup believes that our intellectual property has substantial value and has contributed significantly to the success of our business. We rely on a combination of trademark, trade dress, copyright and trade secret protection to protect our brands, formulas and other intellectual property. Milk Makeup's primary intellectual property includes our brands and trademark rights, including the Milk Makeup brand, which has significant consumer recognition. Milk Makeup's trademarks are valuable assets that reinforce the distinctiveness of our brand and customers' favorable perception of our products.

We have trademarks registered and applications pending throughout the world for our stylized logos in Australia, Bahrain, Brazil, Canada, China, the EU, Hong Kong, India, Indonesia, Israel, Japan, Kuwait, Malaysia, Mexico, Qatar, Russia, Saudi Arabia, Singapore, South Korea, Thailand, the UAE, the U.K. and the U.S. From time to time, we apply to register trademarks for our other brands in the U.S. and other countries. The registrations of these trademarks in the U.S. and foreign jurisdictions are generally effective for terms of ten years and require periodic renewals, which for our

trademark registrations in the U.S., are presently scheduled between 2027 and 2031. In addition to trademark protection, Milk Makeup owns numerous domain name registrations, including milkmakeup.com. We do not have any issued patents or pending patent applications.

Seasonality and Quarterly Results

Milk Makeup's business is subject to moderate seasonal fluctuations driven by retail consumer purchasing habits and timing of purchases by our retail customers. Additionally, the COVID-19 pandemic had an impact on consumer behavior that resulted in temporary changes in the seasonal fluctuations of Milk Makeup's business. As a result of moderate seasonal fluctuations, results for any interim period are not necessarily indicative of the results that may be achieved for the full fiscal year. Additionally, because a significant percentage of our net sales are currently concentrated in a limited number of customers, a change in the order pattern or product restocking by one or more of our large retail customers driven by new product launches, new store openings and/or promotions could cause a significant fluctuation of our quarterly results or impact our liquidity.

Government Regulation

Our operations and products are subject to regulation by governmental authorities including by the U.S. FDA, FTC, CPSC, as well as various other federal, state, local and foreign regulatory authorities. These laws and regulations principally relate to the design, development, manufacturing, processing, handling, testing, holding, storage, quality, safety, shipment, sale, ingredients, labeling, advertising, packaging, marketing, and disposal of our products. Noncompliance with applicable regulations could result in enforcement action by the FDA, FTC, or other regulatory authorities within or outside the U.S., including, but not limited to, product seizures, injunctions, product recalls, and criminal or civil monetary penalties, all of which could have a material adverse effect on our business, financial condition and results of operations.

Under the FDCA, cosmetics (including personal care products) are defined as articles or components of articles that are applied to the human body and intended to cleanse, beautify, promote attractiveness or alter its appearance, with the exception of "soap" as defined by FDA, the regulation of which varies based on its intended use. The labeling of cosmetic products is also subject to the requirements of the FDCA, the Fair Packaging and Labeling Act, the Poison Prevention Packaging Act and other federal, state, and local laws and regulations. Cosmetics are not subject to pre-market approval by the FDA, however, certain ingredients, such as color additives, must be pre-authorized. Significant changes to the regulatory landscape for cosmetic products are anticipated for the coming years as a result of the enactment of MoCRA. Under MoCRA, we will be obligated to adhere to new requirements for cosmetics, such as new labeling standards for specific products, safety substantiation, facility registration, product listing, adverse event reporting, compliance with cGMPs, mandatory recalls and record-keeping requirements for such products and the manufacturing facilities in which they are produced, among other things. We or our CMOs will need to be in compliance with many of the new requirements no later than July 1, 2024. MoCRA requires the FDA to issue regulations governing cGMP for cosmetic manufacturers by December 2025 and additional labeling requirements are expected to go into effect in 2024. We cannot assure you we or that CMOS for all of our products will be able to comply with all of these new regulations in a timely manner or that our CMOs will not decide to pass the increased costs of having to comply with the regulations onto us, which would increase our costs and negatively impact net income.

The FTC, FDA and other governmental authorities also regulate advertising and product claims regarding the safety, performance and benefits of our products. These regulatory authorities typically require a safety assessment of the product or ingredient, and reasonable basis to support any marketing claims. As such, product claims must be adequately substantiated. What constitutes a reasonable basis for substantiation of claims can vary widely from market to market, and we cannot assure you that our efforts to support our claims will be considered sufficient. The most significant area of risk for such activities relates to improper or unsubstantiated claims about the use and safety of our products. If the products or any ingredient is or is alleged to be adulterated or misbranded, or if the safety or effectiveness of the products or ingredients has not been adequately substantiated, or if any other product claims lack adequate substantiation or are alleged to be false or misleading, regulators may take enforcement action or impose penalties, such as monetary consumer redress, or consumer lawyers can bring claims or an action against us, including, among other things, seeking damages, an amendment of the claims, and/or injunctive or other equitable relief, such as requiring us to revise our marketing materials, preventing us from making certain claims about the products or ingredients, stop selling certain products, or requiring us to add a specific warning label or disclaimer about the products or ingredients. Any of which could harm our business, financial condition and results of operations. Other warnings or disclaimers may also be mandated pursuant to federal or state laws and regulations. We may also be subject to regulatory action if the FDA or other regulators determine our

products, product ingredients, or operations do not comply with any applicable laws or regulations, and we could be required to stop selling, withdraw, recall, re-label or re-package any products on the market.

Our advertising for products is also regulated by the FTC under the Federal Trade Commission Act. Cosmetics and personal care products must be advertised and promoted truthfully and otherwise in compliance with state consumer protection laws prohibiting false advertising and unfair or deceptive trade practices. Also, under the federal Lanham Act, competitors and others can initiate litigation relating to advertising claims. A company that is found to have violated these laws may be subject to significant liability.

Regulatory authorities monitor cosmetic products' regulatory compliance through market surveillance and inspection of cosmetics manufacturers and distributors to ensure, among other things, that the products' labeling and advertising is not false nor misleading and is compliant with legal requirements, that the products do not contain false nor misleading labeling or harmful ingredients, that they are manufactured under sanitary conditions, or pursuant to cGMPs. Inspections also may arise from consumer or competitor complaints filed with or brought to the attention of regulatory authorities, including FDA or FTC. In the event a regulatory authority or a court identifies false or misleading labeling, unsanitary conditions, harmful ingredients, or otherwise a failure to comply with cGMPs or legal requirements, we may be requested or required by a regulatory authority or required by a court, or we may independently decide to conduct a recall or market withdrawal of our product or to make changes to our manufacturing processes or product formulations, labeling or marketing, which could result in an insufficient amount of our products in the market, impact our sales and/or harm our reputation. Fines or other payments may also be required by a regulator or a court.

With the passage of MoCRA, we are also subject to mandatory adverse event reporting requirements for certain of our products, including cosmetics. If we fail to comply with our reporting or adverse event recordkeeping obligations, the FDA could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, seizure of products or delay in approval or clearance of future products. We may also be required to conduct a recall of the products at issue.

The FDA or other regulators may determine that our products cannot be marketed as is or do not meet the regulatory requirements, including, without limitation with respect to labeling, marketing, or ingredient formulation, for the classification of product in which they are marketed. The FDA may take the position that we failed to satisfy premarket requirements for color additives, or that our products contain otherwise impermissible ingredients, in which case some or all of our products may be deemed adulterated or misbranded in violation of the FDCA. Furthermore, the FDA may determine that one or more of our products has not been accurately classified as cosmetics and should be regulated as a drug, which would require lengthy and expensive clinical trials and be cost prohibitive.

We are also subject to a number of federal, state and foreign laws and regulations that affect companies conducting business on the Internet, or advertising on social media, including consumer protection regulations that regulate retailers and govern the promotion and sale of merchandise, including by third parties. Many of these laws and regulations are still evolving and being tested in courts, and could be interpreted in ways that could harm our business. These may involve user privacy, data protection, content, intellectual property, distribution, electronic contracts and other communications, competition, protection of minors, consumer protection, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions and online payment services. In particular, we are subject to federal, state and foreign laws regarding privacy and protection of people's data. U.S. federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application, interpretation and enforcement of these laws and regulations are often uncertain, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices.

We are also subject to regulation by the CPSC under the Consumer Product Safety Act, as amended by the Consumer Product Safety Improvement Act of 2008. These statutes and the related regulations ban from the market consumer products that fail to comply with applicable product safety laws, regulations, and standards. The CPSC has the authority to require the recall, repair, replacement or refund of any such banned products or products that otherwise create a substantial risk of injury and may seek penalties for regulatory noncompliance under certain circumstances. CPSC regulations also require manufacturers of consumer products to report to the CPSC certain types of information regarding products that fail to comply with applicable regulations. Certain state laws also address the safety of consumer products, and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

Legal Proceedings

Milk Makeup is not involved in any material litigation, nor, to management's knowledge, was any material litigation threatened against Milk Makeup which if adversely determined could have a material adverse effect on Milk Makeup.

C. Organizational Structure

Upon consummation of the Business Combination, Waldencast became organized in an "Up-C" structure, whereby the equity interests of Obagi and Milk are held by Waldencast LP, which is an indirect subsidiary of Waldencast plc. Obagi Holdco 1, a wholly owned subsidiary of Waldencast plc, owns 82.6% of the partnership units in Waldencast LP. The following table sets out the subsidiaries of Waldencast plc, as of the date hereof.

Company Name	Country of Incorporation	Proportion of Ownership Interest
Blue Sea Administration Vietnam Company Limited	Vietnam	82.6%
Milk Makeup Europe, S.L.	Barcelona	82.6%
Milk Makeup LLC	U.S., Delaware	82.6%
Milk Makeup UK Limited	England & Wales	82.6%
Obagi AsiaPac Limited	Hong Kong	82.6%
Obagi Blue Sea Holding, LLC	Cayman Islands	49.6%
Obagi Cosmeceuticals LLC	U.S., Delaware	82.6%
Obagi Global Holdings Limited	Cayman Islands	82.6%
Obagi Holdco 1 Limited	Jersey	100%
Obagi Holdco 2 Limited	Jersey	82.6%
Obagi Holdings Company Limited	Cayman Islands	82.6%
Obagi Netherlands B.V.	The Netherlands	82.6%
Obagi Viet Nam Import Export Trading MTV Company Limited	Vietnam	49.6%
Waldencast Cayman LLC	Cayman Islands	100%
Waldencast Finco Limited	Jersey	82.6%
Waldencast Malaysia SDN. BHD.	Malaysia	82.6%
Waldencast Partners LP	Cayman Islands	82.6%
Waldencast Singapore Pte. Ltd.	Singapore	82.6%
Waldencast (Thailand) Co., Ltd.	Thailand	82.6%
Waldencast UK Operations Limited	England & Wales	82.6%

D. Property, Plants and Equipment

Waldencast plc's property, plants and equipment are held directly and through Obagi and Milk. Information regarding Waldencast plc, Obagi and Milk's property, plants and equipment is described above.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None / Not applicable.

ITEM 5. WALDENCAST'S OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis should be read in conjunction with the other sections of this Report, including "Item 4. Information on the Company," and our audited consolidated financial statements and notes thereto found in "Item 8. Financial Information." For purposes of this section, the "Company," "we," or "our" refer to (i) Waldencast plc, and its subsidiaries ("Waldencast" or the "Successor") for year ended December 31, 2023 (referred to herein as a "Successor Period"), the 2022 Successor Period (July 28, 2022 to December 31, 2022) after the consummation of the Business Combination, unless the context otherwise requires and (ii) Obagi Global Holdings Limited and its subsidiaries ("Predecessor") for the 2022 Predecessor Period (January 1, 2022 to July 27, 2022) and the year ended December 31, 2021 (referred to herein as a "Predecessor Period") prior to the consummation of the Business Combination.

The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside of our control. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this Report. Certain amounts may not foot due to rounding.

Overview

Waldencast, formerly known as Waldencast Acquisition Corp., is a Jersey company. Waldencast, together with its consolidated subsidiaries, is a global multi-brand beauty and wellness platform whose ambition is to build a global best-in-class beauty and wellness multi-brand platform by creating, acquiring and accelerating the next generation of high-growth, purpose-driven brands that can benefit from the Company's strong product and brand development capabilities. The first step in realizing our vision was the Business Combination with Obagi and Milk. Our business is organized into two reportable segments—Obagi Skincare and Milk Makeup.

Obagi Skincare is an industry-leading, advanced skin care line rooted in research and skin biology, refined with a legacy of over 30 years' experience. Obagi products are designed to diminish the appearance of premature aging, photodamage, skin discoloration, acne, and sun damage. Obagi offers over 150 products through physicians and its website www.obagi.com throughout the U.S. as well as in over 65 countries through international distributors.

Milk Makeup is known for its innovative formulas and clean ingredients. The brand creates vegan, cruelty-free, clean formulas from its headquarters in downtown New York City. Currently, Milk offers over 300 products through its U.S. website www.milkmakeup.com, and its retail partners including Sephora in North America, Europe, the Middle East, Australia, Cult Beauty, and ASOS online.

Recent Events

Recent Global Events

Due to the fact that our products are generally considered cosmetic in nature and not covered by health insurance policies, they are typically paid for directly by the consumer out of disposable income. Adverse changes in the economy, such as the increased rates of inflation experienced in the U.S. and many other countries over the past few years, an economic slow-down or recession, or ongoing economic uncertainties, could have a significant negative effect on consumer spending for our products. If consumers reassess their spending choices, the demand for our products could decline significantly.

In March 2020, the World Health Organization declared COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. During the next two years, COVID-19 disrupted everyday life and markets worldwide, leading to significant business and supply-chain disruptions, as well as broad-based changes in supply and demand. During the first half of 2020, our manufacturing and supply chain for Milk Makeup products and sales of Obagi Skincare and Milk Makeup products were adversely affected because many of our physician customers and retailers such as Sephora remained closed. While most quarantine, social distancing and other regulatory measures instituted or recommended in response to COVID-19 were temporary, the impact of future developments related to COVID-19 or a similar pandemic or epidemic cannot be estimated.

In addition, global or regional conflicts could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. Military actions and any resulting sanctions could also adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, particularly if current or new sanctions continue for an extended period of time or if geopolitical tensions result in expanded military operations on a global scale. While the impact of current ongoing conflicts have not been material to date, long-term effects are uncertain and cannot be predicted with confidence. For additional information on the risks presented by global or regional conflicts, see also "Item 3. Key Information—D. Risk Factors—Risk Related to Global Economic, Political and Social Conditions—*Global or regional conflicts or uncertainties may adversely affect our business.*"

Business Combination

On July 27, 2022 we consummated the Business Combination with (i) Obagi and Merger Sub pursuant to the Obagi Merger Agreement and (ii), Milk, Holdco 1, Waldencast LP, the Milk Members, and the Equityholder Representative, pursuant to the Milk Equity Purchase Agreement (together with the Obagi Merger Agreement and related ancillary agreements contemplated in such agreement, the "Transaction Agreements").

Upon the consummation of the Business Combination, Merger Sub merged with and into Obagi and the separate corporate existence of Merger Sub ceased, with Obagi surviving as our indirect subsidiary. At the effective time of the Business Combination all outstanding ordinary shares of Obagi, $0.50 par value ("Obagi common stock") were canceled and exchanged for (i) 28,237,506 Class A ordinary shares of Waldencast and (ii) cash in the amount of $345.4 million. In addition, upon consummation of the Business Combination, we acquired from the Milk Members all of their equity in Milk in exchange for (i) 21,104,225 Waldencast LP Units (ii) 21,104,225 Class B ordinary shares, which are non-economic voting shares of Waldencast, and (iii) cash in the amount $121.6 million. Each Waldencast LP Unit and Class B ordinary share held by a Milk Member is redeemable at the option of the holder, and, if such option is exercised, exchangeable at the option of Waldencast into one Waldencast Class A ordinary share or cash, in accordance with the terms of our Amended and Restated Waldencast Partners LP Agreement. Upon consummation of the Business Combination, Waldencast became organized in an "Up-C" structure, whereby the equity interests of Obagi and Milk are held by Waldencast LP, which is an indirect subsidiary of Waldencast plc.

Prior to the consummation of the Business Combination, following the approval of our shareholders, and in accordance with the Cayman Act, the Jersey Companies Laws and our Constitutional Document, we effected a deregistration under the Cayman Act and a domestication under Part 18C of the Jersey Companies Laws (by means of filing a memorandum and articles of association with the Registrar of Companies in Jersey), pursuant to which our jurisdiction of incorporation was changed from the Cayman Islands to Jersey. Upon the effective time of the Domestication, we were renamed "Waldencast plc."

As a result of the Business Combination, Waldencast was deemed to be the accounting acquirer and has continued as the SEC registrant. Obagi and Milk are the accounting acquirees, however Obagi was considered the predecessor entity for purposes of financial reporting. Accordingly, Obagi's financial statements for previous periods are included in this Report as the financial statements of the Company for Predecessor Periods. Under the acquisition method of accounting, Waldencast's assets and liabilities retained their carrying values and the assets and liabilities associated with Obagi and Milk have been recorded at their fair values measured as of the acquisition date, which created a new basis of accounting. The excess of the purchase price over the estimated fair values of the net assets acquired has been recorded as goodwill. This change in accounting basis is represented in the accompanying consolidated financial statements by a black line, which appears between the columns entitled "Successor" and "Predecessor" in the financial statements and in the relevant accompanying notes. The black line signifies that the consolidated financial statements presented for Successor Periods after the acquisition are presented on a measurement basis different from Predecessor Periods.

The financial statement presentation distinguishes Waldencast as the "Successor" for reporting periods following the acquisition, or the year ended December 31, 2023, 2022 Successor Period from July 28, 2022 to December 31, 2022, and Obagi as the "Predecessor" for the periods prior to the acquisition, including the 2022 Predecessor Period from January 1, 2022 to July 27, 2022 and the year ended December 31, 2021 .

Immediately prior to the closing of the Business Combination, Obagi carved out and distributed 100% of the Obagi China Business to its shareholder, Cedarwalk (the "Obagi China Distribution"). The Obagi China Distribution did not represent a strategic shift that had major effect on the operational and financial results of Obagi and thus was not reported as a discontinued operation. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" for a description of the Obagi China Distribution. Following the Obagi China Distribution, the Obagi China Business continues to be held by Cedarwalk, which also owned 24.5% of the fully diluted Waldencast plc Class A ordinary shares as of the closing of the Business Combination. In connection with the Obagi China Distribution, Obagi Hong Kong, owned by Cedarwalk, entered into the Supply Agreement and IP License Agreement with us, under which it pays us royalties based on its sales of Obagi branded products in the China Region. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" and "Item 8. Financial Information—Note 16. *Related Party Transactions*" to the financial statements for more information regarding related party transactions with Cedarwalk.

Indebtedness

Note Payable — Directors and Officers ("D&O") Insurance

In August 2023, the Company entered into an agreement with a financing company for $2.4 million to finance its D&O insurance policy. The terms of the agreement stipulate equal monthly payments of principal and interest payments of $0.2 million over a ten-month period, ending in May 2024. Interest accrues on this loan at an annual rate of 8.2%.

2022 Credit Agreement

On June 24, 2022, the Borrower and Parent Guarantor entered into the 2022 Credit Agreement with the Lenders led by the Administrative Agent. The 2022 Credit Agreement provides the Company with access to a term loan of $175.0 million (the "2022 Term Loan"), and a revolving credit capacity with a current borrowing capacity of up to $45.0 million (the "2022 Revolving Credit Facility"), of which an aggregate principal amount of up to $7.5 million may be available, at the Borrower's option, to be drawn in the form of letters of credit ("2022 Letter of Credit").

In May 2023, the Borrower entered into a waiver and consent agreement with JPMorgan and the required Lenders to, among other things, waive certain defaults or events of default that had or would have resulted from the failure to deliver certain financial information and related reports. In June 2023, the Borrower entered into a subsequent waiver and consent agreement with JPMorgan and the required Lenders, pursuant to which they agreed to, among other things, (a) continue to waive certain defaults or events of default that had or would have resulted from the failure to deliver certain financial information and related reports and (b) suspend the testing of certain financial covenants in the 2022 Credit Agreement.

In August 2023, the Borrower entered into a subsequent waiver and consent agreement with JPMorgan and the required Lenders, pursuant to which they agreed to, among other things, (i) waive any default or event of default that has or would result from the failure to deliver certain financial information and related reports and (ii) suspend the testing of certain financial covenants set forth in the 2022 Credit Agreement.

In September 2023, the Borrower and Waldencast Partners LP entered into the second amendment and waiver to the 2022 Credit Agreement (the "Second Amendment") with JPMorgan and the required Lenders, pursuant to which they agreed to (i) waive any default or event of default that has or would result from (a) the failure to deliver certain financial information and related reports (b) any inaccuracy or misrepresentation in certain historical financial statements previously delivered to JPMorgan and (c) certain historical breaches of the financial covenants and (ii) amend the 2022 Credit Agreement to, among other things, modify the existing financial covenant tests. The Borrower subsequently delivered all of the outstanding financial information and related reports referred to above. The Second Amendment also (i) included additional restrictions on the Borrower's, Waldencast Partners LP's and certain of their subsidiaries' ability to incur certain types of additional indebtedness, make certain acquisitions and investments, create certain liens, dispose of certain assets and make certain types of restricted payments, (ii) established a minimum liquidity covenant, which is certified on a monthly basis, and (iii) introduced additional financial reporting obligations, in each case until the earlier of September 30, 2024 or such earlier time that the Borrower elects to test the financial covenants in the same manner as prior to giving effect to the Second Amendment (the period until such date, the "Covenant Relief Period").

On April 26, 2024, the Borrower, Waldencast Partners LP, JPMorgan and the required lenders entered into an amendment (the "Third Amendment") to the 2022 Credit Agreement. Among other things, the Third Amendment: (i) waived certain historical breaches of the financial covenant, (ii) modified the existing financial covenants, (iii) reduced the revolving commitments of the lenders by $5 million in the aggregate to $45 million, (iv) lowered the existing minimum liquidity covenant to $10.0 million and (v) extended the Covenant Relief Period until the earlier of December 31, 2024, or such earlier time that the Borrower elects to test the financial covenants in the same manner as prior to giving effect to the Second Amendment. The foregoing descriptions of the 2022 Credit Agreement (as amended by the Third Amendment) and the Third Amendment are qualified in its entirety by reference to the full and complete terms thereof and are attached as Exhibit 4.17 to this Report and is incorporated herein by reference. As of the date of the issuance of these financial statements and after giving effect to the Third Amendment, the Company was in compliance with all financial covenants.

If we fail to comply with the covenants and other terms under the 2022 Credit Agreement and we are unable to negotiate a covenant waiver or replace or refinance the credit agreement on favorable terms, our business, financial condition and results of operations could be materially and adversely impacted.

The 2022 Term Loan and the 2022 Revolving Credit Facility will mature on July 27, 2026. Borrowings under the 2022 Term Loan were used to, among other things, repay outstanding amounts under, and terminate, the predecessor credit facilities of Obagi and Milk discussed below. For a full discussion of the 2022 Credit Agreement, please see "Liquidity and Capital Resources."

PPP Loan

In May 2020, the Predecessor received loan proceeds in the amount of $6.8 million under the PPP from MUFG Union Bank. In June 2021, the Predecessor received approval from the SBA and MUFG Union Bank for forgiveness of the full amount of the PPP Loan. In February 2023, we were notified by our lender that the SBA had requested additional documents relating to the PPP Loan. We provided the required documentation and no further communication has been received in response. For further discussion of the PPP Loan, please see "Liquidity and Capital Resources."

2023 PIPE Transaction

In September 2023, we entered into subscription agreements (the "2023 Subscription Agreements") with certain investors (collectively, the "2023 PIPE Investors"), pursuant to, and on the terms and subject to the conditions of which, the 2023 PIPE Investors collectively subscribed for 14,000,000 Class A ordinary shares (the "2023 PIPE Shares") in a private placement at a purchase price of $5.00 each per share, for aggregate gross proceeds of $70.0 million. The 2023 PIPE Investment was anchored by a $50.0 million investment by a Beauty Ventures stakeholder. The remainder of the 2023 PIPE Investors were certain existing shareholders including Cedarwalk, and certain members of the Sponsor, Mr. Brousset and Ms. Sebti. The 2023 Subscription Agreements relating to approximately $68.0 million of proceeds was consummated in September 2023, with the closing of the 2023 Subscription Agreements relating to the remaining approximately $2.0 million occurring in November 2023. For additional information, see "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions."

In connection with the 2023 PIPE Investment, the participating investors agreed to a lock-up of all of their Class A ordinary shares (including those acquired as part of the placement and any shares previously held) pursuant to which 75% of their shares will be locked-up for a one-year period following the applicable PIPE Closing Date and 25% of their shares will be locked-up for a six-month period following the applicable PIPE Closing Date (the "PIPE Lock-ups"). See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" for a description of the Lock-Up restrictions.

Transaction with the SA Distributor

In March 2023, as part of our strategy to internalize distribution channels in key markets, certain of Obagi's subsidiaries entered into and consummated the Vietnam Purchase Agreement pursuant to which, among other things, Obagi acquired certain assets of Obagi Vietnam from the SA Distributor and in return, the SA Distributor received forty percent (40%) of the outstanding equity of Obagi Blue Sea Holding, LLC, a subsidiary of Obagi and the parent company of Obagi Vietnam. The Vietnam Purchase Agreement also provided the SA Distributor with a potential earnout payment based upon the net revenue of the business of Obagi Vietnam during the twelve-month period ending on December 31, 2026, subject to setoff for any owed obligations. We currently do not anticipate that any such earnout payment will be payable. The SA Distributor does not currently have any active participation in the Obagi Vietnam business other than as a silent shareholder. Due to non-performance by the SA Distributor of its obligations pursuant to the Vietnam Purchase Agreement and certain other matters, we took further steps in 2023 to restructure the business of Obagi Vietnam by hiring a new local management, finance and sales team to replace the previous SA Distributor team, entering into new online and offline distribution agreements with reputable partners and re-applying for all product registrations, which were obtained in June 2023.

Components of Results of Operations

Net Revenue

Net revenue is generated through both of our operating segments. Obagi Skincare generates net revenue primarily through product sales and royalties, while Milk Makeup generates net revenue primarily through product sales.

Net Product Revenue

Our Obagi Skincare segment primarily sells its products to physicians or to consumers via e-commerce platforms (which are considered direct to consumer ("DTC")) or indirectly via our distributors. Product sales revenue is recognized net of provisions for estimated volume rebates and discounts, markdowns, margin adjustments, early-payment discounts, returns and payments to distributors under ASC 606.

In the U.S., our Obagi Skincare segment sells products to physicians through the Physician Channel Provider, which accounted for a substantial part of our net revenue for the year ended December 31, 2023 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period). Under this model, we sell the products to the Physician Channel Provider ("sell in"), which then sells the products through to our physician customers when they order them ("sell through"). Although the Physician Channel Provider purchases products from us for our physician customers and customers who purchase our products on our e-commerce platform, we maintain control of the product inventory at the Physician Channel Provider's warehouse and continue to manage the relationships with these customers, until immediately prior to the sale of the product to the end customer. As a result, control of the products does not transfer to the Physician Channel Provider, and we do not recognize revenue from products sold to the Physician Channel Provider, until immediately prior to sell through to the end customer. Net revenue from the Physician Channel Provider is considered direct sales revenue. Products sold DTC in the U.S. via our e-commerce platform also represent direct sales revenue.

To a more limited extent, our Obagi Skincare segment also sells products to other distributors in the U.S. for resale to spas and on third-party e-commerce websites. We recognize revenue for product sales to our distributors on a sell in basis upon transfer of the products to such distributors. Sales to other distributors are considered distributor revenue.

Internationally, our Obagi Skincare segment sells our products through distributors in over 65 countries across Asia, Europe, Latin America and the Middle East. We typically recognize revenue for product sales to our international distributors upon transfer of the products to the distributors. Sales to international distributors are considered distributor revenue.

Our Milk Makeup segment sells our products directly to retailers and to distributors who resell products to retailers. Sales directly to retailers are considered direct sales revenue, and sales to distributors are considered distributors revenue. Milk Makeup also sells products directly to consumers via its e-commerce website. These sales are considered direct sales revenue.

Related Party Revenue

In connection with the Obagi China Distribution, we entered into the IP License Agreement, the Supply Agreement, and a Transition Services Agreement (the "Transition Services Agreement") with the Obagi China Business. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" for a description of the IP License, Supply and Transition Services Agreements.

Under the IP License Agreement, we granted an exclusive license to certain intellectual property relating to the Obagi brand to Obagi Hong Kong, and we retain the rights to such intellectual property to conduct the Obagi-branded business worldwide except for the China Region. Obagi Hong Kong purchases inventory from the U.S. for resale in the China Region. Additionally, Obagi Hong Kong pays us a royalty on gross sales of licensed products. During the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period), royalties generated from related party license agreement was $0.3 million and $0.2 million, respectively.

Under the Supply Agreement, we supply, or cause to be supplied through certain of our CMOs, products to Obagi Hong Kong for distribution and sale in the China Region. The term of the Supply Agreement is perpetual, subject to termination for material breach and failure to cure or termination in the event that the IP License Agreement is terminated. We anticipate supplying Obagi Hong Kong directly with products at an agreed-upon markup, until such time as Obagi Hong Kong has been added as a party to our CMO agreements, after which it will obtain products directly from our CMOs.

As part of the Business Combination, we recognized $22.1 million of a related party liability for the unfavorable discounts provided in the Supply Agreement. The fair value was determined using the present value of after-tax cash flows related to the unfavorable discounts provided to Obagi Hong Kong. The related party liability is amortized into net product revenue as products are supplied to Obagi Hong Kong. During the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period), net product revenue generated from supplying

products to the Obagi Hong Kong was $5.6 million and $17.0 million, respectively. See "Item 8. Financial Information—Note 16. *Related Party Transactions."*

Royalties

Our Obagi Skincare segment also generates royalty revenue from the sale of products in Japan through a strategic licensing agreement with Rohto, a Japanese pharmaceutical manufacturer and distributor that sells a series of OTC and cosmetic products under the Obagi brand name in the Japanese retail skincare channels. Revenue for royalty income is recognized in the period that corresponds to the related Rohto net sales.

Cost of Goods Sold

Cost of goods sold consists primarily of expenses related to inventory, and promotional product costs, including when inventory and promotional products are sold or written down, and product-related intangible asset amortization and depreciation expenses. We allocate product-related intangible asset amortization expense to cost of goods sold. We expect that cost of goods sold will increase in absolute dollars as our revenue grows.

Selling, General, and Administrative

Selling, general and administrative costs ("SG&A") include expenses we incur in the ordinary course of business relating to personnel, including salaries, bonuses and benefits, marketing, office supplies, computer and technology, rent and utilities, insurance, legal and professional fees, city, state and property taxes, and advertising expenses. We expect SG&A expenses to increase in absolute dollars as we continue to invest in building and maintaining our customer base, growing our business, enhancing our brand awareness, hiring additional personnel and upgrading and expanding our systems, processes, and controls to support the growth in our business, as well as our increased compliance and reporting requirements as a public company.

In connection with the Business Combination, we incurred incremental one-time expenses that were SG&A in nature, including legal, consulting, regulatory, accounting, insurance, investor relations and other expenses related to professional fees and certain filing and listing fees. The Sarbanes-Oxley Act, as well as rules adopted by the SEC and Nasdaq, require public companies to implement specified corporate governance practices that have and will likely continue to increase our legal, regulatory, financial and insurance compliance costs following the Business Combination.

Research and Development

Substantially all R&D expenses are related to new product development and design improvements in current products. R&D costs consist primarily of employee-related costs, including salaries, bonuses, and benefits, as well as clinical testing and consumer validation testing. We plan to continue to invest in our R&D efforts. As a result, we expect that R&D expenses will remain stable or increase in the future.

Depreciation and Amortization

Depreciation and amortization expenses are related to our property and equipment and intangible assets. Product-related intangible asset amortization is presented in cost of goods sold in the consolidated statement of operations and comprehensive loss. Depreciation and amortization expenses not classified in cost of goods sold are presented in SG&A expenses.

Loss on Impairment of Goodwill

Impairment of goodwill recognizes the difference between the carrying value and fair value of goodwill. The process of evaluating goodwill for impairment is subjective and requires significant judgment and estimates. At least annually, and more frequently if events and circumstances exist that would more likely than not reduce the fair value of a reporting unit below its carrying amount, we test goodwill for impairment. This is performed first though an optional qualitative assessment and then, if indicators of impairment exist, through a quantitative assessment. When performing the optional qualitative analysis, we consider many factors including general economic conditions, industry and market conditions, financial performance, key business drivers, and long-term operating plans.

Results of Operations

The Year Ended December 31, 2023 (Successor Period), Period from July 28, 2022 to December 31, 2022 (Successor Period), Period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the Year Ended December 31, 2021 (Predecessor Period)

When reading our financial statements and information on historical financial results in this Report, you should note there is a clear division between the Predecessor Periods and Successor Periods. The predecessor and successor results shown are not comparable as the Predecessor Periods include only Obagi, and also includes the Obagi China Business that was not acquired by Waldencast. The Successor Period includes the consolidated financial statements of Waldencast, which include Obagi and Milk. In addition, the period from July 28, 2022 to December 31, 2022 (Successor Period) includes only five months of operations, whereas the period from January 1, 2022 to July 27, 2022 (Predecessor Period) includes seven months of operations (the "2022 Period Time Discrepancy").

The following tables summarize our consolidated statements of operations data, in dollars for the year ended December 31, 2023 (Successor Period), period from July 28, 2022 to December 31, 2022 (Successor Period), period from January 1, 2022 to July 27, 2022 (Predecessor Period), and fiscal year ended December 31, 2021 (Predecessor Period).

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands)	**Year ended December 31, 2023**	**From July 28, 2022 to December 31, 2022**	**From January 1, 2022 to July 27, 2022**	**Year ended December 31, 2021**
Net revenue (including related party net revenue of $5,965 and $17,219 in the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period), respectively)	**$ 218,138**	**$ 92,373**	**$ 73,760**	**$ 142,472**
Cost of goods sold (including related party costs of $1,662 and $5,128 in the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022(Successor Period), respectively)	76,561	60,657	30,868	55,037
Gross profit	**$ 141,577**	**$ 31,716**	**$ 42,892**	**$ 87,435**
Selling, general and administrative	220,313	88,926	55,549	82,968
Research and development	3,195	1,796	2,606	6,092
Loss on impairment of goodwill	—	68,715	—	—
Total operating expenses	**$ 223,508**	**$ 159,437**	**$ 58,155**	**$ 89,060**
Operating loss	**$ (81,931)**	**$ (127,721)**	**$ (15,263)**	**$ (1,625)**
Interest expense, net	18,906	6,230	6,652	11,118
Loss on extinguishment of debt	—	—	—	2,317
Change in fair value of derivative warrant liabilities	10,337	(6,793)	—	—
Gain on PPP Loan forgiveness	—	—	—	(6,824)
Loss on write-off of loan receivable	—	—	—	2,555
Other income, net	1,769	(798)	(971)	(817)
Total other (income) expenses, net	**$ 31,012**	**$ (1,361)**	**$ 5,681**	**$ 8,349**
Loss before income taxes	**(112,943)**	**(126,360)**	**(20,944)**	**(9,974)**
Income tax (benefit) expense	(6,975)	(5,803)	113	9,602
Net loss	**$ (105,968)**	**$ (120,557)**	**$ (21,057)**	**$ (19,576)**

Net Revenue

The following tables provide our disaggregated revenue for the periods presented:

(In thousands)	Successor (Waldencast)		Predecessor (Obagi)	
	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Revenue by Sales Channel				
Direct sales	$ 169,668	$ 60,468	$ 39,649	$ 68,181
Distributors	43,448	29,917	31,080	68,578
Net product sales	$ 213,116	$ 90,385	$ 70,729	$ 136,759
Royalties	5,022	1,988	3,031	5,713
Net revenue	$ 218,138	$ 92,373	$ 73,760	$ 142,472

Net revenue (including related party net revenue of $6.0 million in distributor sales) was $218.1 million for the year ended December 31, 2023 (Successor Period). Net revenue for the period from July 28, 2022 to December 31, 2022 (Successor Period) was $92.4 million. Net revenue for the period from January 1, 2022 to July 27, 2022 (Predecessor Period) and the year ended December 31, 2021 (Predecessor Period) was $73.8 and $142.5 million, respectively.

The increase in direct sales in 2023 (Successor Period) as compared to the period from July 28, 2022 to December 31, 2022 (Successor Period) was primarily attributable to net revenue of the 2022 Period Time Discrepancy where the 2022 Successor period only includes five months of operations, however 2023 (Successor Period) includes a full year of operations. The Company also had significant increases in its e-commerce channel in 2023 (Successor Period).

The increase in distributor sales in 2023 (Successor Period) as compared to the period from July 28, 2022 to December 31, 2022 (Successor Period) was primarily attributable to the 2022 Period Time Discrepancy where the period from July 28, 2022 to December 31, 2022 (Successor Period) only includes five months of operations, however 2023 (Successor Period) includes a full year of operations. The decrease in distributor sales in the period from July 28, 2022 to December 31, 2022 (Successor Period) compared to the period from January 1, 2022 to July 27, 2022 (Predecessor Period) was due to the 2022 Period Time Discrepancy, and sales to the SA distributor decreased in the period from July 28, 2022 to December 31, 2022 (Successor Period) as a result of various challenges it faced during that period. Other factors such as pricing and customers composition have remained relatively consistently between the two periods.

Obagi Skincare also generates royalty revenue from products sold under the Obagi name in Japan and Hong Kong through license agreements. The increase in royalty revenue in 2023 (Successor Period) and the decrease in royalty revenue in the period from July 28, 2022 to December 31, 2022 (Successor Period) as compared to the period from January 1, 2022 to July 27, 2022 (Predecessor Period), was attributable to the 2022 Period Time Discrepancy.

The decrease in sales across all channels in the period from January 1, 2022 to July 27, 2022 (Predecessor Period) as compared to the year ended December 31, 2021 (Predecessor Period) was attributable to the fact that the period from January 1, 2022 to July 27, 2022 (Predecessor Period) only includes seven months, whereas the year ended December 31, 2021 (Predecessor Period) includes twelve months. In addition, the decrease in distributor revenue was driven by lower demand by spa customers and lower sales to the SA Distributor.

(In thousands)	Successor (Waldencast)		Predecessor (Obagi)	
	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Revenue by Geographic Region				
North America	$ 154,357	$ 56,630	$ 44,443	$ 79,122
Rest of the World	58,759	33,755	26,286	57,637
Net product sales	$ 213,116	$ 90,385	$ 70,729	$ 136,759
Royalties	5,022	1,988	3,031	5,713
Net revenue	$ 218,138	$ 92,373	$ 73,760	$ 142,472

Net revenue from North America was $154.4 million for the year ended December 31, 2023 (Successor Period), $56.6 million for the period from July 28, 2022 to December 31, 2022 (Successor Period) $44.4 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and $79.1 million for the year ended December 31, 2021 (Predecessor Period). Net revenue from the Rest of the World was $58.8 million for the year ended December 31, 2023 (Successor Period), $33.8 million for the period from July 28, 2022 to December 31, 2022 (Successor Period), $26.3 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and $57.6 million for the year ended December 31, 2021 (Predecessor Period).

The increase in net revenue from the period from July 28, 2022 to December 31, 2022 (Successor Period) to the year ended December 31, 2023 (Successor Period) was primarily attributable to Period Time Discrepancy where the period from July 28, 2022 to December 31, 2022 (Successor Period) only includes 5 months of consolidated results. Revenue from the Rest of the World decreased comparatively as a result of the loss of business with the SA Distributor for Obagi. North America increased in revenue over the period comparatively due to an increase in e-commerce revenue and continued growth in the retail channel at Milk Makeup.

The increase in net revenue from North America and the Rest of the World in the period from July 28, 2022 to December 31, 2022 (Successor Period) as compared to the period from January 1, 2022 to July 27, 2022 (Predecessor Period) was primarily attributable to the net revenue generated in the Milk Makeup segment from North America and the Rest of the World of $22.6 million and $8.7 million, respectively. As Milk Makeup was acquired in the 2022 Successor Period, its revenue is not included in the period from January 1, 2022 to July 27, 2022 (Predecessor Period). The increase was offset partially by the 2022 Period Time Discrepancy. Net revenue to the Physician Channel Provider in North America remained consistent. Net Revenue to the SA Distributor in the Rest of the World decreased in the period from July 28, 2022 to December 31, 2022 (Successor Period) due to various challenges it faced during that time period.

The decrease in net revenue from North America and the Rest of the World in the period from January 1, 2022 to July 27, 2022 (Predecessor Period) as compared to the year ended December 31, 2021 (Predecessor Period) was primarily attributable to the period from January 1, 2022 to July 27, 2022 (Predecessor Period) representing seven months of operations and the year ended December 31, 2021 (Predecessor Period) representing twelve months of operations. In addition, the decrease was driven by lower sales to the SA Distributor.

Cost of Goods Sold

(In thousands, except percentages)	Successor (Waldencast) Year ended December 31, 2023	Successor (Waldencast) From July 28, 2022 to December 31, 2022	Predecessor (Obagi) From January 1, 2022 to July 27, 2022	Predecessor (Obagi) Year ended December 31, 2021
Cost of goods sold (including related party costs of $1.7 and $5.1 million in the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period), respectively)	$ 76,561	$ 60,657	$ 30,868	$ 55,037
as a percentage of net revenue	35.1 %	65.7 %	41.8 %	38.6 %

Cost of goods sold (including related party costs of $1.7 million for supplying products to the Obagi China Business) was $76.6 million for year ended December 31, 2023 (Successor Period). Cost of goods sold (including related party costs of $5.1 million for supplying products to the Obagi China Business) for the period from July 28, 2022 to December 31, 2022 (Successor Period) was $60.7 million. Cost of goods sold for the period from January 1, 2022 to July 27, 2022 (Predecessor Period) and the year ended December 31, 2021 (Predecessor Period) were $30.9 million and $55.0 million, respectively.

Cost of goods sold for the year ended December 31, 2023 (Successor Period) of $76.6 million primarily consisted of (i) standard cost of goods sold to customers of $46.9 million (ii) depreciation and amortization of product-related assets and supply agreements of $11.2 million, (iii) freight and inventory inspection costs of $2.8 million, (iv) amortization of the inventory fair value step-up related to the Business Combination of $1.7 million; and (v) inventory reserve provisions and write-offs of $15.6 million.

Cost of goods sold for the period from July 28, 2022 to December 31, 2022 (Successor Period) of $60.7 million primarily consisted of (i) standard cost of goods sold to customers of $34.8 million (ii) depreciation and amortization of product-related assets and supply agreements of $4.8 million, (iii) freight and inventory inspection costs of $1.7 million, (iv) amortization of the inventory fair value step-up related to the Business Combination of $10.0 million; and (v) inventory reserve provisions and write-offs of $8.1 million. Cost of goods sold in the period from January 1, 2022 to July 27, 2022 (Predecessor Period) of $30.9 million primarily consisted of (i) standard cost of goods sold to customers of $23.5 million, (ii) depreciation and amortization of product-related assets and supply agreements of $2.7 million, and (iii) freight and inventory inspection costs of $2.3 million.

The increase in cost of goods sold from the period from July 28, 2022 to December 31, 2022 (Successor Period) to the year ended December 31, 2023 (Successor Period) was primarily attributable to Period Time Discrepancy where the period from July 28, 2022 to December 31, 2022 (Successor Period) only includes 5 months of consolidated results. This had an impact on almost all aspects of COGS, except for the inventory fair value step-up which a significant portion was amortized in 2022 period after acquisition, instead of in the year ended December 31, 2023 (Successor Period).

The increase in cost of goods sold from the period from January 1, 2022 to July 27, 2022 (Predecessor Period) to the period from July 28, 2022 to December 31, 2022 (Successor Period) was primarily attributable to the acquisition of Milk Makeup. In addition, a significant fair value step up in inventory was recognized in cost of goods sold over inventory turns for both reporting segments in the period from July 28, 2022 to December 31, 2022 (Successor Period). This contributed to a $10.0 million increase in cost of goods sold and any remaining unamortized fair value step up will be fully recognized in the first three months of 2023. Further, we recorded an inventory write-down of $8.1 million in the period from July 28, 2022 to December 31, 2022 (Successor Period) for excess inventory.

In addition, cost of goods sold as a percentage of revenue for the period from July 28, 2022 to December 31, 2022 (Successor Period) increased significantly as a result of higher shipments to the SA Distributor as cost of goods sold was recognized based on shipping terms while revenue was only recognized when the cash payments related to completed purchase orders were collected in full.

Cost of goods sold for the year ended December 31, 2021 (Predecessor Period) of $55.0 million primarily consisted of (i) standard cost of goods sold to customers of $47.0 million, (ii) depreciation and amortizations of product-related assets and supply agreements of $4.7 million, and (iii) freight and inventory inspection costs of $3.0 million. The decrease in cost

of goods sold in the period from January 1, 2022 to July 27, 2022 (Predecessor Period) as compared to the year ended December 31, 2021 (Predecessor Period) was attributable to the fact that the period from January 1, 2022 to July 27, 2022 (Predecessor Period) included only seven months of operations as compared to the year ended December 31, 2021 (Predecessor Period), which included twelve months of operations.

Selling, General and Administrative

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands, except percentages)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Selling, general and administrative	$ 220,313	$ 88,926	$ 55,549	$ 82,968
as a percentage of net revenue	101.0 %	96.3 %	75.3 %	58.2 %

SG&A expense was $220.3 million for the year ended December 31, 2023 (Successor Period), $88.9 million for the period from July 28, 2022 to December 31, 2022 (Successor Period), $55.5 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and $83.0 million for the year ended December 31, 2021 (Predecessor Period).

SG&A expense for the year ended December 31, 2023 (Successor Period) of $220.3 million primarily consisted of (i) employee related compensation including stock-based compensation of $65.1 million (ii) depreciation and amortization expense of $49.3 million, (iii) office and administrative expenses of $25.5 million (iv) transaction and restatement related costs of $31.1 million (v) selling, marketing, and distribution costs of $44.6 million, and (vi) professional consulting and legal services of $7.3 million.

SG&A expense for the period from July 28, 2022 to December 31, 2022 (Successor Period) of $88.9 million primarily consisted of (i) employee related compensation including stock-based compensation of $30.8 million (ii) depreciation and amortization expense of $22.2 million, (iii) office and administrative expenses of $7.6 million (iv) transaction costs of $9.4 million (v) selling, marketing, and distribution costs of $17.4 million, and (vi) professional consulting and legal services of $4.4 million. This is compared to SG&A expense for the 2022 Predecessor Period of $55.5 million, which primarily consisted of (i) employee related compensation of $27.0 million, (ii) selling, marketing, and distribution costs of $8.5 million, (iii) depreciation and amortization expense of $5.5 million, (iv) office and administrative expenses of $6.1 million (v) transaction costs associated with executing the Business Combination of $5.2 million and (vi) professional consulting and legal services of $2.4 million.

The increase in SG&A expense in the year ended December 31, 2023 (Successor Period) as compared to the period from July 28, 2022 to December 31, 2022 (Successor Period) was primarily attributable to the 2022 Time Period Discrepancy. Further, there was a significant increase in transaction and restatement related costs in 2023 as a result of the 2020-2022 restatements that occurred throughout 2023. These fees were primarily related to legal and accounting advisory services.

The increase in SG&A expense in period from July 28, 2022 to December 31, 2022 (Successor Period) as compared to the period from January 1, 2022 to July 27, 2022 (Predecessor Period) was primarily attributable to the acquisition of Milk Makeup in the period from July 28, 2022 to December 31, 2022 (Successor Period), which resulted in (i) an increase in depreciation and amortization as a result of new fair value basis of long-lived assets following the Business Combination, (ii) increase in salaries and other employee costs, (iii) increase in office and administrative expenses from additional costs related to product liability insurance for the additional operating segment, and (iv) one time transaction costs including legal and other professional expenses. The increase was further driven by stock based compensation recorded in the period from July 28, 2022 to December 31, 2022 (Successor Period) that was not present in the period from January 1, 2022 to July 27, 2022 (Predecessor Period).

SG&A expense for the year ended December 31, 2021 (Predecessor Period) of $83.0 million primarily consisted of (i) employee related compensation of $45.0 million, (ii) selling, marketing, and distribution costs of $9.6 million, (iii) depreciation and amortization expense of $9.2 million, (iv) transaction costs and other professional fees of $9.1 million, and (v) office and administrative expenses of $8.9 million. The decrease in SG&A expense in the period from January 1, 2022 to July 27, 2022 (Predecessor Period) as compared to the year ended December 31, 2021 (Predecessor Period) was

primarily attributable to the period from July 28, 2022 to December 31, 2022 (Successor Period) including only seven months of operations as compared to the year ended December 31, 2021 (Predecessor Period) that included twelve months of operations.

Research and Development

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands, except percentages)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Research and development	$ 3,195	$ 1,796	$ 2,606	$ 6,092
as a percentage of net revenue	1.5 %	1.9 %	3.5 %	4.3 %

R&D expense for the year ended December 31, 2023 (Successor Period) of $3.2 primarily consisted of salaries and other employee related costs of $1.4 million and R&D expenses, including product development and licensing costs of $1.8 million. The increase from the period from July 28, 2022 to December 31, 2022 (Successor Period) was primarily related to the 2022 Period Time Discrepancy.

R&D expense for the period from July 28, 2022 to December 31, 2022 (Successor Period) of $1.8 million primarily consisted of salaries and other employee related costs of $0.9 million and R&D expenses, including product development and licensing costs of $0.5 million as compared to R&D expense in the period from January 1, 2022 to July 27, 2022 (Predecessor Period) of $2.6 million, which primarily consisted of salaries and other employee related costs of $1.3 million and R&D expenses including product development and licensing costs of $0.6 million. The decrease was primarily driven by 2022 Period Time Discrepancy.

R&D expense in the year ended December 31, 2021 (Predecessor Period) of $6.1 million primarily consisted of salaries and other employee related costs of $2.2 million and R&D expenses including product development and licensing cost of $3.3 million. The decrease in R&D expense in the period from January 1, 2022 to July 27, 2022 (Predecessor Period) as compared to the year ended December 31, 2021 (Predecessor Period) was driven by a decrease in R&D spend prior to the Business Combination and the fact that the period from January 1, 2022 to July 27, 2022 (Predecessor Period) includes only seven months of operations as compared to the year ended December 31, 2021 (Predecessor Period) that includes twelve months of operations.

Loss on Impairment of Goodwill

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Loss on Impairment of Goodwill	$ —	$ 68,715	$ —	$ —

Impairment of goodwill recognizes the difference between the carrying value and fair value of goodwill. The process of evaluating goodwill for impairment is subjective and requires significant judgment and estimates. At least annually, and more frequently if events and circumstances exist that would more likely than not reduce the fair value of a reporting unit below its carrying amount, we test goodwill for impairment. This is performed first through an optional qualitative assessment and then, if indicators of impairment exist, through a quantitative assessment. When performing the optional qualitative analysis, we consider many factors including general economic conditions, industry and market conditions, financial performance, key business drivers, and long-term operating plans.

During the period from July 28, 2022 to December 31, 2022 (Successor Period), in addition to the factors mentioned above, management considered whether the restated historical financial performance of the Obagi Skincare segment as well as the resulting changes to its projected future cash flows as compared to the projections used when we consummated the Business Combination, provided additional indicators that the fair value of the Obagi Skincare segment was less than its

carrying value immediately following the Business Combination. Through a qualitative analysis, we determined that it was more likely than not that the fair value of the reporting unit associated with the Obagi Skincare segment was less than its carrying amount and a quantitative analysis was performed, at an interim date. As a result, the Company recorded a non-cash goodwill impairment charge of $68.7 million during the period from July 28, 2022 to December 31, 2022 (Successor Period).

The Company performed its annual goodwill impairment analysis using the quantitative approach on October 1, 2023, and the analysis did not indicate there was an impairment of goodwill. Therefore, no impairment of goodwill was recorded during the year ended December 31, 2023 (Successor Period).

Interest Expense, net

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands, except percentages)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Interest expense, net	$ 18,906	$ 6,230	$ 6,652	$ 11,118
as a percentage of net revenue	8.7 %	6.7 %	9.0 %	7.8 %

Interest expense, net was $18.9 million for the year ended December 31, 2023 (Successor Period), $6.2 million for the period from July 28, 2022 to December 31, 2022 (Successor Period), $6.7 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and $11.1 million in the year ended December 31, 2021 (Predecessor Period). After accounting for the 2022 Period Time Discrepancy, interest expense was higher in 2023 (Successor Period) as a result of additional draws on the Revolving Credit Facility during the year, but were fully paid by the end of 2023 (Successor Period). The decrease in interest expense in the period from January 1, 2022 to July 27, 2022 (Predecessor Period) as compared to the year ended December 31, 2021 (Predecessor Period) was attributable to the fact that the period from January 1, 2022 to July 27, 2022 (Predecessor Period) represents only seven months of operations as compared to the year ended December 31, 2021 (Predecessor Period) that represents twelve months of operations.

As of December 31, 2023 (Successor Period), the Company had unpaid principal of $161.9 million and zero on the 2022 Term Loan and the 2022 Revolving Credit Facility, respectively, with a weighted average interest rate of 8.6% and 8.7%, respectively, outstanding under the 2022 Credit Agreement. As of December 31, 2022 (Successor Period), the Company had unpaid principal of $170.7 million and $14.1 million on the 2022 Term Loan and the 2022 Revolving Credit Facility, respectively, with a weighted average interest rate of 6.6% outstanding under the 2022 Credit Agreement. As of July 27, 2022, Obagi had unpaid principal of $128.8 million, with an interest rate of 8.5% outstanding under the Predecessor 2021 Credit Agreement, which was paid in full in connection with the closing of the Business Combination. As of December 31, 2021 (Predecessor Period), the Company had unpaid principal of $124.2 million with an interest rate of 8.5%.

Loss on Extinguishment of Debt

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Loss on extinguishment of debt	$ —	$ —	$ —	$ 2,317

No loss on extinguishment of debt was recorded in the year ended December 31, 2023 (Successor Period), period from July 28, 2022 to December 31, 2022 (Successor Period), or the period from January 1, 2022 to July 27, 2022 (Predecessor

Period). Loss on extinguishment of debt for the year ended December 31, 2021 (Predecessor Period) was $2.3 million related to the write-off of previously deferred financing costs due to the refinancing of Obagi's debt in March 2021.

Change in Fair Value of Derivative Warrant Liabilities

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Change in fair value of derivative warrant liabilities	$ 10,337	$ (6,793)	$ —	$ —

Change in fair value of derivative warrant liabilities for the year ended December 31, 2023 (Successor Period) was $10.3 million. For the period from July 28, 2022 to December 31, 2022 (Successor Period) the change in fair value of warrant liabilities was $6.8 million. related to the remeasurement of the fair value of the warrants at the end of the reporting period following the Business Combination. The Predecessor entity did not have warrants and therefore there was no associated change in fair value recorded.

Gain on PPP Loan Forgiveness

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Gain on PPP loan forgiveness	$ —	$ —	$ —	$ (6,824)

No gain on PPP Loan forgiveness was recorded for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), and the period from January 1, 2022 to July 27, 2022 (Predecessor Period). For the year ended December 31, 2021 (Predecessor Period), the Predecessor recognized a gain of $6.8 million associated with the forgiveness of the PPP Loan borrowed in 2020. See "Item 8. Financial Information—Note 7. *Debt*."

Loss on Write-off of Loan Receivable

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Loss on write-off of loan receivable	$ —	$ —	$ —	$ 2,555

No loss on write-off of loan receivable was recorded for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), and the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and $2.6 million was recorded for the year ended December 31, 2021 (Predecessor Period).

Other (Income) Expense, Net

(In thousands)	Successor (Waldencast) Year ended December 31, 2023	Successor (Waldencast) From July 28, 2022 to December 31, 2022	Predecessor (Obagi) From January 1, 2022 to July 27, 2022	Predecessor (Obagi) Year ended December 31, 2021
Other (income) expense, net	$ 1,769	$ (798)	$ (971)	$ (817)

Other (income) expense, net was $1.8 million of expense for the year ended December 31, 2023 (Successor Period), $0.8 million of income for the period from July 28, 2022 to December 31, 2022 (Successor Period), $1.0 million of income for the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and $0.8 million of income for the year ended December 31, 2021 (Predecessor Period). These amounts consisted primarily of losses related to foreign currency translation offset by income from a significant financing component with an Obagi distributor. For the year ended December 31, 2023 (Successor Period), there was $2.0 million of contract termination expenses, as described in more detail below. Other expense (income) remained consistent from the period from January 1, 2022 to July 27, 2022 (Predecessor Period) to the period from July 28, 2022 to December 31, 2022 (Successor Period).

U.S. Online Marketplace Distributor Contract Termination

In December 2023, the Company entered into a termination agreement with the U.S. Online Marketplace Distributor. The termination agreement provides the U.S. Online Marketplace Distributor with a termination fee in exchange for the return of all existing inventory purchased from Obagi, deactivation of all online marketplace listings by the U.S. Online Marketplace Distributor, and full satisfaction of the remaining outstanding accounts receivable balance within defined payment terms. The termination agreement includes contractual protections designed to ensure that the Company is only providing a return credit for valuable inventory which excludes short-dated or damaged products. The termination of the U.S. Online Marketplace Distributor shall enable the Company to fully control the online marketplace distribution of Obagi products, including both product quality and customer service. The termination fee of $2.0 million was recorded within “Other expense (income), net” on the consolidated statements of operations and comprehensive loss.

Income Tax (Benefit) Expense

(In thousands, except percentages)	Successor (Waldencast) Year ended December 31, 2023	Successor (Waldencast) From July 28, 2022 to December 31, 2022	Predecessor (Obagi) From January 1, 2022 to July 27, 2022	Predecessor (Obagi) Year ended December 31, 2021
Income tax (benefit) expense	$ (6,975)	$ (5,803)	$ 113	$ 9,602
Effective tax rate	6.2 %	4.6 %	(0.6)%	(96.3)%

Income tax benefit for the year ended December 31, 2023 (Successor Period) was $7.0 million with a corresponding effective tax rate of 6.2% compared to an income tax benefit of $5.8 million for the period from July 28, 2022 to December 31, 2022 (Successor Period). The change in effective tax rate was driven by the change in pre-tax earnings.

Income tax benefit was $5.8 million for the period from July 28, 2022 to December 31, 2022 (Successor Period), with a corresponding effective tax rate of 4.6% compared to an income tax expense of $0.1 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period), with a corresponding effective tax rate of (0.6)%. The change in the effective tax rate was driven by the change in pre-tax earnings.

For the year ended December 31, 2023 (Successor Period), and the period from July 28, 2022 to December 31, 2022 (Successor Period), the Company recognized a valuation allowance of $19.8 million and 7.9 million, respectively, to account for the portion of the deferred tax asset that was more likely than not to not be realized due to cumulative loss incurred at Obagi Holdco 1 Limited for its investment in Waldencast LP, and associated net operating losses.

Income tax expense was $9.6 million for the year ended December 31, 2021 (Predecessor Period), with a corresponding effective tax rate of (96.3)%. During the period from January 1, 2022 to July 27, 2022 (Predecessor Period), the Company recognized a valuation allowance of $14.1 million to account for the portion of the deferred tax asset that was more likely than not to not be realized due to a cumulative loss incurred in Obagi's U.S. subsidiary over the three-year period ended July 27, 2022 (Predecessor Period), change in pre-tax earnings, and non-deductible transaction costs.

Non-GAAP Financial Measures

In addition to our results of operations and measures of performance determined in accordance with U.S. GAAP, we believe that certain non-GAAP financial measures are useful in evaluating and comparing our financial and operational performance over multiple periods, identifying trends affecting our business, formulating business plans, and making strategic decisions, as they are similar to measures reported by our public competitors.

Adjusted gross margin and adjusted EBITDA are key performance measures that our management uses to assess our financial performance and for internal planning and forecasting purposes. Adjusted gross margin and adjusted EBITDA are not intended to be substitutes for any GAAP financial measures and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry. Additionally, investors should not solely rely on our non-GAAP financial measures as they do not reflect our current or future cash requirements and working capital needs.

There are limitations to non-GAAP financial measures because they exclude charges and credits that are required to be included in GAAP financial presentation. The items excluded from GAAP financial measures such as net income/loss to arrive at non-GAAP financial measures are significant components for understanding and assessing our financial performance. Non-GAAP financial measures should be considered together with, and not alternatives to, financial measures prepared in accordance with GAAP.

Adjusted Gross Profit and Adjusted Gross Margin

We define and calculate Adjusted gross profit as GAAP gross profit which excludes the impact of inventory fair value adjustments, amortization of the supply agreement and formulation intangible assets, and the amortization of the fair value of the related party liability to Obagi China, which management believes is not reflective of core operating performance given the nature, size and non-recurring nature of the Business Combination, see "Item 8. Financial Information—Note 3. *Business Combinations*". We define and calculate Adjusted Gross Margin as Adjusted Gross Profit as a percentage of net revenue. We adjust for these items because we do not believe they reflect normal, recurring activity, may obscure underlying business trends and make comparisons of long-term performance challenging.

The table below presents our Adjusted Gross Profit and Adjusted Gross Margin reconciled to our gross profit and gross margin, the closest GAAP measures for the periods indicated:

(In thousands except for percentages)	Year ended December 31, 2023		
	Successor		
	Obagi	Milk	Waldencast (Total)
Net revenue (including related party net revenue of $5,965)	$ 117,651	$ 100,487	$ 218,138
Gross Profit	76,582	64,995	141,577
Gross Margin %	65.1 %	64.7 %	64.9 %
Gross Margin Adjustments:			
Amortization of the fair value of the related party liability[1]	(4,058)	—	(4,058)
Amortization of the inventory fair value adjustment[2]	—	1,691	1,691
Amortization impact of intangible assets[3]	11,205	—	11,205
Adjusted Gross Profit	$ 83,729	$ 66,686	$ 150,415
Adjusted Gross Margin %	71.2 %	66.4 %	69.0 %

[1] Relates to the fair value of the related party liability for the unfavorable discount to Obagi China as part of the Business Combination.
[2] Relates to the amortization of the inventory fair value step-up as a result of the Business Combination.
[3] The Supply Agreement and Formulations intangible assets are amortized to COGS.

(In thousands except for percentages)	Period from July 28, 2022 to December 31, 2022		
	Successor		
	Obagi	Milk	Waldencast (Total)
Net revenue (including related party net revenue of $17,219)	$ 61,090	$ 31,283	$ 92,373
Gross Profit	16,117	15,599	31,716
Gross Margin %	26.4 %	49.9 %	34.3 %
Gross Margin Adjustments:			
Amortization of the fair value of the related party liability	(12,186)	—	(12,186)
Amortization of the inventory fair value adjustment	6,759	3,276	10,035
Adjusted Gross Profit	$ 10,690	$ 18,875	$ 29,565
Adjusted Gross Margin %	17.5 %	60.3 %	32.0 %

Adjusted EBITDA and Adjusted EBITDA Margin

We define and calculate Adjusted EBITDA as GAAP net income (loss) before interest income or expense, income tax (benefit) expense, depreciation and amortization, and further adjusted for the items as described in the reconciliation below. We believe this information will be useful for investors to facilitate comparisons of our operating performance and better identify trends in our business. We define and calculate Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of net revenue.

Adjusted EBITDA excludes certain expenses that are required to be presented in accordance with GAAP because management believes they are non-core to our regular business. These include:

- Non-cash expenses, such as depreciation and amortization, stock-based compensation, inventory fair value adjustments, the amortization of fair value of the related party liability to Obagi China, change in fair value of financial instruments, loss on impairment of goodwill and leases, and foreign currency transaction loss (gain);
- Interest expense and income tax expense or benefit;
- Expenses that are not related to our underlying business performance, such as:
  - Transaction-related costs which includes mainly legal expenses in connection with the Business Combination, including creating and maintaining the Up-C structure, as well as advisory and consulting fees primarily related to the restatement;
  - The gain on PPP Loan forgiveness which relates to the forgiveness of the full amount of a PPP Loan in June 2021;
  - Loss on extinguishment of debt, and loss on write-off of loan receivables which relates to the write-off of previously deferred financing costs due to the refinancing of Obagi's debt in March 2021 and the write-off of a loan receivable in 2021 that was later deemed uncollectible;
  - Gains/losses on disposal of assets;
  - Restructuring costs which relates to the relocation costs associated with the relocation of Obagi's headquarters from California to Texas in 2022.
  - Non-recurring inventory recovery and discontinuation related to the termination of the relationship with the SA distributor.
  - Contract termination fees with certain distributors
  - Other non-recurring costs, primarily related to legal fees or legal settlements.

The table below presents our Adjusted EBITDA reconciled to our net income (loss), the closest GAAP measure for the periods indicated:

(In thousands except for percentages)	Year ended December 31, 2023			
	Successor			
	Obagi	**Milk**	**Central costs**	**Waldencast (Total)**
Net Loss	$ (32,214)	$ (5,655)	$ (68,099)	$ (105,968)
Adjusted For:				
Depreciation and amortization	41,984	18,514	—	60,498
Interest expense, net	12,644	590	5,654	18,888
Income tax (benefit) expense	(6,997)	10	12	(6,975)
Stock-based compensation expense	726	2,352	6,157	9,235
Transaction-related costs[1]	435	27	31,054	31,516
COGS impact related to Inventory fair value adjustment[2]	—	1,691	—	1,691
Change in fair value of derivative warrant liabilities[3]	—	—	10,337	10,337
Change in fair value of interest rate collar[4]	—	—	106	106
Amortization of related party liability[5]	(4,058)	—	—	(4,058)
Foreign currency transaction loss (gain)	161	875	(44)	992
Inventory recovery[6]	(1,286)	—	—	(1,286)
Product discontinuation[7]	2,270	—	—	2,270
Loss on impairment of lease	3,643	—	—	3,643
Contract termination fee[8]	2,000	—	—	2,000
Other non-recurring costs[9]	1,506	—	—	1,506
Adjusted EBITDA	$ 20,814	$ 18,404	$ (14,823)	$ 24,395
Net Revenue	$ 117,651	$ 100,487	$ -	$ 218,138
Net Loss % of Net Revenue	(27.4)%	(5.6)%	N/A	(48.6)%
Adjusted EBITDA Margin	17.7 %	18.3 %	N/A	11.2 %

[1] Includes mainly legal, advisory and consultant fees related to the Business Combination and the financial restatement of the 2020-2022 periods.
[2] Relates to the amortization of the inventory fair value step-up as a result of the Business Combination.
[3] Relates to change in fair value of warrant liabilities and not definitively related to operations.
[4] Relates to interest collar and not definitively related to operations.
[5] Relates to the fair value of the related party liability for the unfavorable discount to Obagi China as part of the Business Combination.
[6] Relates to the costs to recover and the value of the inventory recovered from the acquisition of the SA Distributor which is not part of recurring operations.
[7] Relates to the advanced purchase of specific products for the market in Vietnam sold through the Vietnam distributor that became obsolete when the contract was terminated.
[8] In December 2023 Obagi terminated a contract with one of its distributors early and incurred an early termination fee.
[9] Other non-recurring costs are primarily related to legal settlements.

(In thousands except for percentages)	2022 Period from July 28 to December 31 (Successor) Obagi	Milk	Central costs	Waldencast (Total)	2022 Period from January 1 to July 27 (Predecessor) Obagi	2021 Year ended December 31 (Predecessor) Obagi
Net Loss	$ (93,757)	$ (13,773)	$ (13,027)	$ (120,557)	$ (21,057)	$ (19,576)
Adjusted For:						
Depreciation and amortization	17,845	9,137	—	26,982	8,190	13,904
Interest expense, net	4,008	119	2,103	6,230	6,652	11,118
Income tax (benefit) expense	(5,803)	—	—	(5,803)	113	9,602
Stock-based compensation expense	4,373	1,011	2,352	7,736	—	—
Transaction-related costs[1]	358	170	8,844	9,372	5,841	5,244
COGS impact related to Inventory fair value adjustment[2]	6,759	3,276	—	10,035	—	—
Change in fair value of derivative warrant liabilities[3]	—	—	(6,793)	(6,793)	—	—
Change in fair value of interest rate collar[4]	—	—	592	592	—	—
Amortization of related party liability[5]	(12,186)	—	—	(12,186)	—	—
Foreign currency transaction gain	(329)	(181)	—	(510)	30	202
(Gain) loss on disposal of assets	—	—	—	—	35	52
Restructuring costs[6]	160	—	—	160	291	1,972
Loss on extinguishment of debt[7]	—	—	—	—	—	2,317
Gain on PPP Loan forgiveness[8]	—	—	—	—	—	(6,824)
Loss on write-off of loan receivable[9]	—	—	—	—	—	2,555
Loss on impairment of goodwill	68,715	—	—	68,715	—	—
Adjusted EBITDA	$ (9,857)	$ (241)	$ (5,929)	$ (16,027)	$ 95	$ 20,566
Net Revenue	$ 61,090	$ 31,283	$ —	$ 92,373	$ 73,760	$ 142,472
Net Loss % of Net Revenue	(153.5)%	(44.0)%	N/A	(130.5)%	(28.5)%	(13.7)%
Adjusted EBITDA Margin	(16.1)%	(0.8)%	N/A	(17.4)%	0.1 %	14.4 %

[1] Includes mainly legal expenses in connection with the Business Combination, including creating and maintaining the Up-C structure, as well as advisory and consulting fees.

[2] Relates to the amortization of the inventory fair value step-up as a result of the Business Combination.

[3] Relates to change in fair value of warrant liabilities and not definitively related to operations.

[4] Relates to interest rate collar and not definitively related to operations.

[5] Relates to the fair value of the related party liability for the unfavorable discount to Obagi China as part of the Business Combination.

[6] Relates to the relocation costs associated with the relocation of Obagi's headquarters from California to Texas.

[7] Relates to the write-off of previously deferred financing costs due to the refinancing of Obagi's debt in March 2021.

[8] Relates to the forgiveness of the full amount of a PPP Loan in June 2021.

[9] Relates to the write-off of a loan receivable in 2021 that was later deemed uncollectible.

Liquidity and Capital Resources

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including working capital needs, capital expenditures, contractual obligations, debt service, acquisitions, and other commitments with cash flows from operations and other sources of funding. Our principal sources of capital and liquidity are proceeds from the Business Combination, including additional financing and 2022 and 2023 PIPE Investments, as well as our borrowings from banks and cash flows from operations. In June 2022, the Borrower entered into the 2022 Credit Agreement with the Lenders led by the Administrative Agent. See "Item 5. Waldencast's Operating and Financial Review and Prospects—Recent Events" for further information on the 2022 Credit Agreement. The 2022 Credit Agreement provides the Company with the 2022 Term Loan of $175.0 million and 2022 Revolving Credit Facility of $14.1 million, with a current borrowing capacity up to $50.0 million, for a total outstanding balance of $186.1 million at the Closing Date (July 27, 2022). The proceeds from the FPA and PIPE investments, along with the proceeds from the Term Loan and Revolving Credit Facility,

were primarily used for the $587.7 million of consideration paid, net of cash acquired, for the Obagi and Milk Business Combinations, as well as for debt issuance costs of $6.3 million, to settle the outstanding balance on the Predecessor 2021 Credit Agreement of $4.3 million, and for cash used for working capital needs, including transaction-related expenses.

In response to the temporary loss in demand for Obagi products and drop in revenue early in the COVID pandemic, Obagi drew on the Predecessor 2018 Revolving Credit Facility, (as defined below) and secured a $6.8 million PPP Loan, which was used in accordance with the PPP requirements and for which forgiveness was obtained in the second quarter of 2021. In March 2021, Obagi was able to access additional credit by replacing the Predecessor 2018 Credit Agreement with the Predecessor 2021 Credit Agreement from a new syndicate of lenders. The Predecessor 2021 Credit Agreement included a term loan of $110.0 million and a revolving credit facility with borrowing capacity of up to $40.0 million. Obagi recorded a loss on termination of the Predecessor 2018 Credit Agreement of $2.3 million to loss on extinguishment of debt in the accompanying consolidated statement of operations and comprehensive loss during the 2021 Predecessor Period, which consisted of expensing unamortized debt issuance costs. The outstanding balance under the Predecessor 2021 Credit Agreement was paid in full upon the completion of the Business Combination.

We expect capital and operating expenditures to increase over the next several years as we expand our infrastructure, distribution channels and our commercialization, clinical trial, research and development and manufacturing activities. Further we expect to have future legal expenditures related to the ongoing SEC investigation and associated matters that will have an impact to operating cash flow. We believe that net cash provided by our operating activities and existing cash and cash equivalents, including access to credit facilities, will be sufficient to fund our operations for the foreseeable future.

In September 2023, we entered into the 2023 Subscription Agreements with the 2023 PIPE Investors pursuant to, and on the terms and subject to the conditions of which, the 2023 PIPE Investors collectively subscribed for 14,000,000 Class A ordinary shares in a private placement at a purchase price of $5.00 each per share, for aggregate gross proceeds of $70.0 million. The 2023 PIPE Investment was anchored by a $50.0 million investment by a stakeholder in Beauty Ventures, which was the beneficial holder of 20.0% of our Class A ordinary shares as of April 15, 2024. The remainder of the 2023 PIPE Investors were certain existing shareholders including Cedarwalk, certain members of the Sponsor, and Mr. Brousset and Ms. Sebti. The 2023 Subscription Agreements relating to approximately $68.0 million of proceeds were consummated on the First PIPE Closing Date, and the closings of Subscription Agreements relating to the remaining approximately $2.0 million occurred on the Second PIPE Closing Date, following receipt of regulatory approvals (the “PIPE Closings”). No Class B ordinary shares, warrants or other securities of the Company were issued in connection with the 2023 PIPE Investment.

The 2023 Subscription Agreements for the 2023 PIPE Investors included the PIPE Lock-up pursuant to which the 2023 PIPE Investors agreed not to transfer or sell, during the respective lock-up period, any (i) 2023 PIPE Shares or (ii) the Lock-Up Shares. For 75% of the Lock-Up Shares, the lock-up period means the period beginning on the applicable PIPE Closing Date and ending on the one-year anniversary of the applicable PIPE Closing Date. For 25% of the Lock-Up Shares, the lock-up period means the period beginning on the applicable PIPE Closing Date and ending on the six-month anniversary of the applicable PIPE Closing Date.

If our net cash provided by operating activities and existing cash and cash equivalents are not sufficient to fund our operations in the future, or if we seek to expand or diversify through accretive acquisitions, we may need to seek additional credit or raise additional funds, and we cannot be certain that such funds will be available to us on acceptable terms when needed, if at all. If we are required to seek additional credit, our ability to in-license new technologies, develop future products or expand our pipeline of products could all be negatively impacted, which would have an adverse effect on our ability to grow our business and remain competitive. Further, we may decide to raise additional proceeds by issuing equity securities or securities that are convertible into our equity. If we sell such securities, investors may be materially diluted as a result of such offerings. In addition, if we raise additional funds through collaboration, licensing or other similar arrangements, we may be required to relinquish potentially valuable rights to our future products or proprietary technologies or grant licenses on terms that are not favorable to us. If we cannot raise funds on acceptable terms, we may not be able to expand our operations, develop new products, take advantage of future opportunities or respond to competitive pressures or unanticipated customer requirements.

As of December 31, 2023 (Successor Period) we had cash and cash equivalents of $21.1 million.

2022 Credit Agreement

In June 2022, the Borrower entered into the 2022 Credit Agreement with the Lenders led by the Administrative Agent. The 2022 Credit Agreement provides us with the 2022 Term Loan of $175.0 million and the 2022 Revolving Credit Facility, which an aggregate principal amount of up to $7.5 million may be available, at Borrower's option, in the form of letters of credit. A total principal amount of $186.1 million was outstanding under the 2022 Credit Agreement at the Closing Date (July 27, 2022). The Term Loan and the Revolving Credit Facility will mature in July 2026. In September 2022, the Borrower entered into a Technical Amendment to Credit Agreement with the Administrative Agent to cure a technical error and clarify when the first amortization payment under the 2022 Credit Agreement is due and payable. See "*Recent Events*" for a description of waivers granted and amendments to the 2022 Credit Agreement after the 2022 Successor Period.

We may elect to borrow either alternate base rate borrowings or term benchmark borrowings. Each Term Loan or Revolving Credit Facility draw that is an alternate base rate borrowing bears interest at an Alternate Base Rate (as defined in the 2022 Credit Agreement) plus the Applicable Rate (as defined in the 2022 Credit Agreement) of 2.5% per annum. Each Term Loan or Revolving Credit Facility that is a term benchmark borrowing bears interest at the Term SOFR Rate (as defined in the 2022 Credit Agreement), which resets every three months, plus 0.1% and the Applicable Rate of 3.5% per annum. In connection with the issuance of the 2022 Credit Agreement, we incurred $6.3 million of debt issuance costs.

As of December 31, 2023 (Successor Period), we had an unpaid principal amount of $161.9 million, and unamortized debt issuance costs of $3.9 million on the Term Loan. The interest rate on the 2022 Term Loan was 9.0% and there was $1.4 million accrued interest as of December 31, 2023 (Successor Period).

As of December 31, 2023 (Successor Period), the current portion of the Term Loan and Revolver was $8.8 million and zero million, respectively. The current portion of the unamortized debt issuance costs on the Term Loan and Revolver was $1.2 million and $0.9 million, respectively. The weighted-average interest rate on the Term Loan was 8.6% and the Revolver was 8.7% and there was $1.4 million of accrued interest as of December 31, 2023 (Successor Period).

In February 2024, we drew $15.0 million on the 2022 Revolving Credit Facility at an interest rate of 8.9%.

Predecessor 2021 Credit Agreement

In March 2021, Obagi settled the Predecessor 2018 Credit Agreement and entered into the Predecessor 2021 Credit Agreement with a new syndicate of lenders, including TCW Asset Management Company LLC as administrative agent for the lenders. The Predecessor 2021 Credit Agreement included a term loan of $110.0 million (the "Predecessor 2021 Term Loan") and a revolving credit facility with borrowing capacity of up to $40.0 million (the "Predecessor 2021 Revolving Credit Facility").

Both the Predecessor 2021 Term Loan and the Predecessor 2021 Revolving Credit Facility were due to mature in March 2026. The Predecessor 2021 Credit Agreement interest rate was calculated based on LIBOR plus applicable margin, as determined by Obagi's leverage ratios, and was subject to LIBOR succession provisions. In connection with the issuance of the Predecessor 2021 Credit Agreement, Obagi incurred $6.4 million of debt issuance costs.

As of December 31, 2021 (Predecessor Period), Obagi had an unpaid principal amount of $109.2 million, and unamortized debt issuance costs of $3.9 million on the Predecessor 2021 Term Loan. The interest rate on the Predecessor 2021 Term Loan was 8.50% and there was no accrued interest as of December 31, 2021 (Predecessor Period). The outstanding balance under the Predecessor 2021 Credit Agreement was paid in full upon the completion of the Business Combination.

Predecessor 2018 Credit Agreement

In December 2018, Obagi entered into the Predecessor 2018 Credit Agreement with a syndicate of lenders, including Wells Fargo as administrative agent for the lenders. The Predecessor 2018 Credit Agreement included a term loan of $90.0 million (the "Predecessor 2018 Term Loan") and a revolving credit facility with borrowing capacity of up to $35.0 million (the "Predecessor 2018 Revolving Credit Facility") which was due to mature in December 2023. In March 2021, Obagi replaced the Predecessor 2018 Credit Agreement with the Predecessor 2021 Credit Agreement from a new syndicate of lenders.

PPP Loan

In May 2020, Obagi received loan proceeds in the amount of $6.8 million under the PPP from MUFG Union Bank. The PPP, established as part of the CARES Act, provided for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP Loan accrued interest at a rate of 1.00% as of December 31, 2020 (Predecessor Period). The accrued interest was less than $0.1 million as of December 31, 2020 (Predecessor Period). The loan and accrued interest were forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its payroll levels. Obagi used the proceeds for purposes consistent with the PPP and received approval from MUFG Union Bank for forgiveness of the full amount of the loan. In June 2021, Predecessor received approval from the Small Business Administration and MUFG Union Bank for forgiveness of the full amount of the PPP Loan. In February 2023, we were informed that the SBA wished to receive additional documentation regarding the PPP Loan. The PPP Loan is currently being reviewed by the SBA and we cannot predict the outcome of the review at this time. See "Item 3. Key Information—D. Risk Factors—Risks Related to our Obagi Skincare Business" for further discussion.

Consolidated Cash Flow Data

For the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period):

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands)	Year ended December 31, 2023	From July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Net cash (used in) provided by operating activities	$ (29,775)	$ (74,977)	$ (10,037)	$ 3,529
Net cash used in investing activities	$ (1,994)	$ (544,367)	$ (909)	$ (3,787)
Net cash provided by financing activities	$ 44,329	$ 629,465	$ 3,883	$ 5,162

Cash Flows from Operating Activities

Net cash used in operating activities was $29.8 million for the year ended December 31, 2023 (Successor Period) driven by the following:

- Net loss of $106.0 million resulting from the impact of higher operating expenses during the year ended December 31, 2023 (Successor Period) primarily due to SG&A expenses related to non-recurring transactions costs. A large portion of this loss resulted from non-cash charges and did not impact the cash-flow, related to: (i) depreciation and amortization expenses of $60.5 million, (ii) stock based compensation of $9.2 million (iii) loss on impairment of lease related assets of $3.6 million and (iv) change in fair value of derivative warrant liabilities of $10.3 million.

- Cash outflows resulting from the net change in operating assets and liabilities of $0.1 million, primarily driven by a decrease in operating lease liabilities of $2.6 million, an increase in accounts receivable of $2.1 million, and a decrease in other current liabilities of $1.7 million, offset by an increase in accounts payable of $4.4 million.

- Non-cash reconciling credits related to deferred income taxes of $7.0 million.

Net cash used in operating activities was $75.0 million for the period from July 28, 2022 to December 31, 2022 (Successor Period), primarily driven by following:

- Net loss of $120.6 million resulting from the impact of higher operating expenses during the period from July 28, 2022 to December 31, 2022 (Successor Period) primarily due to SG&A expenses and cost of goods sold following the Business Combination, partially offset by the revenue generated in the Milk Makeup segment, which was acquired in the period from July 28, 2022 to December 31, 2022 (Successor Period), although a large portion of this loss resulted from non-cash reconciling charges and did not impact the cash-flow, related to: (i) depreciation and amortization expenses of $27.0 million, (ii) stock based compensation of $7.7 million following the Business Combination and (iii) loss on impairment of goodwill of $68.7 million subsequent to the Business Combination.

- Cash outflows resulting from the net change in operating assets and liabilities of $35.1 million, primarily driven by increases in inventories, the settlement of transaction expenses of $36.4 million related to the Business Combination, and an increase to accounts receivable due to extended payment terms granted to certain customers.

- Non-cash reconciling credits related to derivative warrant liabilities of $6.8 million and deferred income taxes of $5.8 million.

Net cash used in operating activities was $10.0 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period) and was primarily driven by following:

- Net loss of $21.1 million resulting from the impact of significant operating expenses in excess of gross profit during the period from July 28, 2022 to December 31, 2022 (Predecessor Period);

- These were offset primarily due to: (i) non-cash reconciling item related to depreciation and amortization expenses of $8.2 million and (ii) cash inflows resulting the net change in operating assets and liabilities of $1.9 million, primarily driven by increase decrease in inventories, other assets, accounts payable and other liabilities.

Net cash provided by operating activities was $3.5 million for the year ended December 31, 2021 (Predecessor Period) and was primarily driven by following:

- Net loss of $19.6 million offset by non-cash reconciling items related to depreciation and amortization of $13.9 million, gain on the PPP loan forgiveness of $6.8 million, deferred income taxes of $9.4 million and a write-off of the loan receivable of $2.6 million and a loss on the extinguishment of debt of $2.3 million.

Cash Flows from Investing Activities

Net cash used in investing activities was $2.0 million for the year ended December 31, 2023 (Successor Period), primarily driven by the increases in capital expenditures of $2.0 million.

Net cash used in investing activities was $544.4 million for the period from July 28, 2022 to December 31, 2022 (Successor Period), primarily driven by cash paid in the amount of $587.7 million as part of our acquisition of Obagi Skincare and Milk Makeup, net of cash acquired. This amount was partially offset by the proceeds of $44.9 million from our trust account, which was released to us as part of the Business Combination.

Net cash used in investing activities was $0.9 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period), primarily driven by the increases in capital expenditures of $0.9 million.

Net cash used in investing activities was $3.8 million for the year ended December 31, 2021 (Predecessor Period), primarily driven by a notes receivable advance of $2.5 million.

Cash Flows from Financing Activities

Net cash provided by financing activities was $44.3 million for the year ended December 31, 2023 (Successor Period). The change was primarily driven by: (i) proceeds from the PIPE investment of $70.0 million, (ii) an increase in proceeds of $35.0 million from the 2022 Revolving Credit Facility, and (iii) a decrease in repayment of $59.3 million for the 2022 Term Loan, 2022 Revolving Credit facility and note payable..

Net cash provided by financing activities was $629.5 million for the period from July 28, 2022 to December 31, 2022 (Successor Period). The change was primarily driven by: (i) proceeds from the FPA and PIPE investments of $451.0 million, (ii) an increase in proceeds of $189.1 million from the 2022 Term Loan and Revolving Credit Facility, (iii) a decrease in repayment of $4.3 million for the Predecessor 2021 Term Loan, and (iv) a decrease in payment of $6.3 million for debt issuance cost.

Net cash provided by financing activities was $3.9 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period). The increase was primarily driven by an increase in proceeds of $6.0 million from the Predecessor 2021 Revolving Credit Facility, decrease in repayment of $1.4 million for the Predecessor 2021 Term Loan and decrease in payment of $0.7 million for debt issuance cost.

Net cash provided by financing activities was $5.2 million for the year ended December 31, 2021 (Predecessor Period). The increase was primarily driven by proceeds from the Predecessor 2021 Term Loan of $110 million offset by a repayment of the previous term loan of $72.5 and payment of debt issuance costs of $6.4 million.

Critical Accounting Estimates

The preparation of our audited annual consolidated financial statements and related notes requires us to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances at the time. We periodically review our estimates and make adjustments when facts and circumstances dictate. Due to the inherent uncertainty involved in making assumptions and estimates, changes in circumstances could result in actual results differing from those estimates, and such differences could be material to the Company's consolidated balance sheets, consolidated statements of operations and comprehensive loss, consolidated statements of shareholders' equity, and consolidated statements of cash flows.

An accounting estimate policy is considered to be critical if it requires an estimate to be made based on assumptions about matters that are highly uncertain at the time it is made. An accounting estimate policy is also considered critical if our audited consolidated financial statements could be materially impacted by (i) reasonable, alternative estimates or (ii) changes in the accounting estimates that are reasonably likely to occur on a periodic basis. We believe that our critical accounting policies reflect the more significant estimates and assumptions used in the preparation of our audited consolidated financial statements. The critical accounting policies, judgments and estimates should be read in conjunction with the financial statements and the notes thereto within this Report.

We believe the following critical accounting policies, estimates and assumptions may have a material impact on our reported financial condition and operating performance and may involve significant levels of judgment to account for highly uncertain matters or are matters susceptible to significant change.

Revenue Recognition

We recognize revenue in accordance with ASC 606, *Revenue from Contracts with Customers,* which establishes principles for recognizing revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Our revenue is derived from two main sources: (1) product sales and (2) royalties from brand name licensing.

Revenue from the sale of products to customers is recognized at a point in time when control of the product transfers to the customer, based on assessment of payment and shipping terms impacting our right to payment, transfer of legal title, physical possession, and assumption of risks and rewards. When promotional products, such as samples and testers, are provided by the Company to its customers at the same time as a related saleable product, the cost of these promotional products are recognized as cost of sales at the same time as the revenue for the related product is recognized.

Royalty revenue from the licensing arrangements is recognized when the product sale occurs.

We sell products directly to consumers via our e-commerce platforms, to distributors in the U.S. and internationally, and through retailers. Our distributors may resell products to retailers, spas or other end consumers.

To determine when to recognize revenue under ASC 606, in cases where we sell products to the Physician Channel Provider or distributors who then resell the products to end customers, we use judgment to determine which party controls the products and when that control transfers from us to the distributor. We analyze various factors including our ability to direct products physically held by distributors, when title and risk of loss transfers, and who ultimately manages the relationship with the end customer. When we are able to direct products physically held by a distributor – such as determining which end customers' orders are fulfilled when there is limited product inventory – we conclude that the distributor does not control the product for purposes of ASC 606 until we relinquish those abilities.

In addition, Obagi's distributors charge fees for certain services that they render to us. The services provided are in connection with the distribution of our products and include packing and shipping, marketing and advertising, monitoring product reviews, providing customer service, and generating data and analytical reports on product sales. Fees to distributors for these services are recognized as a reduction to revenue because the services provided are typically not distinct from the distributors' purchase of products.

Typically, customers are required to pay either in advance or between 30 and 90 days from delivery of the product or invoicing. However, in certain circumstances, we offer extended payment terms to customers. In addition, certain customers may not comply with formal payment terms specified in their written agreements with us. When the period between the transfer of control of the products and payment is expected to be greater than one year, we adjust the promised amount of consideration for the effects of a significant financing component. When contracts contain a significant financing component in which we are effectively financing the customer, a portion of the transaction price is recognized as interest income rather than revenue using a discount rate that reflects the rate that would be used in a separate financing transaction between us and the customer. We exercise judgement to determine an appropriate interest rate considering the customer's credit characteristics and current economic conditions. For the periods included in the financial statements in this Report, a 5% change in the discount rate would not have had a material impact on the amount of net revenue or interest income recorded.

When payment terms are significantly extended after the execution of a written agreement or a customer has a pattern of late or insufficient payments, we perform an assessment to determine whether it is probable that we will collect substantially all of the consideration owed to us from that customer. When making this assessment, we consider various factors including our history with the customer and the customer's payment history, credit rating, current financial condition, and any known facts that could otherwise impact the customer's intent or ability to pay us. If we determine that it is not probable that we will collect substantially all of the consideration owed by the customer, we record an impairment of the customer's accounts receivable balance.

Customers place orders for products through separate purchase orders under our written agreements with them. If the written agreement with a customer does not meet all of the criteria for a contract under ASC 606, each purchase order for products is regarded as a separate contract between us and the customer. If we determine that it is not probable that we will collect substantially all of the consideration from the customer, we generally recognize revenue for each purchase order only after we have transferred the related products and received all or substantially all of the payment for that purchase order.

Goodwill

We assess goodwill annually on October 1st each year for impairment and at an interim date if indicators of a potential impairment exist. We have two goodwill reporting units, which we test for impairment at the reporting unit level.

Our initial review for impairment of goodwill includes considering qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, as a basis for determining whether it is necessary to perform a quantitative analysis. If we determine that it is more likely than not that the fair value of reporting unit is less than its carrying amount, a quantitative analysis is then performed to identify goodwill impairment.

Determining the fair value of a reporting unit involves the use of significant estimates and assumptions. The fair value of our reporting units is determined using a combination of the discounted cash flow method under the income approach and the guideline public company method under the market approach. Fair value estimates result from a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions that have been deemed reasonable by our management as of the measurement date. Under the discounted cash flow method, fair value is determined by discounting the estimated future cash flows of each reporting unit, which includes the most recent projected long-term financial forecasts for revenue, earnings, capital expenditures and working capital. The discount rate used is intended to reflect the risks inherent in the future cash flows of the applicable reporting unit. Under the guideline public company method, we estimate fair value by using market multiples of various financial metrics observed for comparable public companies to the reporting unit.

The annual impairment test performed for the year ended December 31, 2021 (Predecessor Period) did not indicate an impairment of goodwill when they were performed.

After the closing of the Business Combination during the Successor Period, we concluded that qualitative factors and circumstances indicated it was more likely than not that the fair value for our Obagi Skincare reporting unit was less than its carrying amount. As part of the restatement of historical financial results and reassessment of projected revenue and earnings from the Obagi Skincare reporting unit, management determined there was a decline in financial performance compared to previously projected results at the time of the acquisition. Therefore, we performed a quantitative goodwill impairment test for the associated reporting unit immediately after the acquisition date. As a result, we recorded a non-cash

impairment charge of $68.7 million within the Obagi Skincare reportable segment in the period from July 28, 2022 to December 31, 2022 (Successor Period), as reflected in the financial statements. Management further determined that there was no additional impairment analysis needed for the October 1 annual impairment test.

The Company performed its annual goodwill impairment analysis using the quantitative approach on October 1, 2023, and the analysis did not indicate there was an impairment of goodwill. Therefore, no impairment of goodwill was recorded as of December 31, 2023 (Successor Period). As of December 31, 2023 (Successor Period), the Obagi Skincare reportable segment had a goodwill balance of $199.5 million and the Milk Makeup segment had a goodwill balance of $135.1 million. For the Obagi Skincare reportable segment, the difference between the carrying value of the segment and the fair value is 5% as of the annual impairment test date. If we are not successful in meeting our projected revenue or profitability growth rates, there could be a decrease in the fair value of the Obagi Skincare reportable segment below the carrying value. In addition, the fair value of the Obagi Skincare reportable segment could also be negatively impacted by market conditions including inflation, the valuation of its competitors, a market capitalization decrease, or other factors, which could result in an additional indicator of impairment.

Further impairment charges, if any, may be material to our results of operations and financial position. See Item 3A, "Risk Factors–*Impairment of our significant intangible assets may reduce our profitabilit*y."

Deferred Tax Assets (and Related Valuation Allowance)

We recognize net deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and results of recent operations. If we determine that deferred tax assets may be able to be recognized in the future in excess of their net recorded amount, we adjust the deferred tax asset valuation allowance, which would reduce the provision for income taxes. We record uncertain tax positions on the basis of a two-step process whereby (i) management determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, management recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority. This requires management to make judgments and estimates regarding: (i) the timing and amount of the reversal of taxable temporary differences; (ii) expected future taxable income; and (iii) the impact of tax planning strategies. Future changes to tax rates would also impact the amounts of deferred tax assets and liabilities and could adversely affect our financial statements. A valuation allowance of $19.8 million was recorded as of December 31, 2023 (Successor Period) and has been provided for on the deferred tax assets related to the Company's investment in Waldencast Partners LP. As of December 31, 2022 (Successor Period) and December 31, 2021 (Predecessor Period), the Company had recorded a valuation allowance of $7.9 million and $14.1 million, respectively. See "Item 8. Financial Information—Note 15, *Income Tax Benefit."*

The valuation allowance will be reduced at such time as management believes it is more-likely-than-not that the deferred tax assets will be realized. The exact timing and amount of a valuation allowance release are subject to change on the basis of the future level of profitability and changes in tax laws. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease in income tax expense for the period the release is recorded.

Business Combinations

When we acquire a business, the total purchase consideration provided is allocated to the identifiable assets and liabilities of the acquired business at their estimated respective fair values. Any excess consideration of the fair value of purchase consideration over the fair values of assets acquired and liabilities assumed is recognized as goodwill.

Significant management judgments and assumptions are required in determining the fair value of assets acquired and liabilities assumed. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows, useful lives and discount rates. Measurement period adjustments are reflected at the time identified, up through the conclusion of the measurement period, which is the time at which all information for determination of the values of assets acquired and liabilities assumed is received and may not exceed one year from the acquisition date. We may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with a corresponding offset to goodwill. If outside of the measurement period, any subsequent adjustments are recorded in our consolidated statements of operations and comprehensive loss.

Emerging Growth Company Accounting Election

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. We are an "emerging growth company" as defined in Section 2(a) of the Securities Act, and have elected to take advantage of the benefits of this extended transition period, which means that when a standard is issued or revised and has different application dates for public or private companies, we, for so long as we remain an emerging growth company, may adopt the new or revised standard at the time private companies are required to adopt the new or revised standard.

Recent Accounting Pronouncements

See "Item 8. Financial Information—Note 2. *Summary of Significant Accounting Policies*" for more information regarding recent accounting pronouncements.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business, which primarily relate to fluctuations in interest rates, foreign exchange and inflation.

Interest Rates

We have interest rate risk with respect to our indebtedness. As of December 31, 2023 (Successor Period), we had an aggregate face value of $162.8 million of outstanding indebtedness, all of which has variable interest rates. A one percent increase or decrease in the annual interest rate on our variable rate borrowings of $162.8 million would have increased or decreased our annual cash interest expense by approximately $1.6 million.

To mitigate interest rate risk in connection with the variable rate loans under the 2022 Credit Agreement, we entered into an interest rate collar with Wells Fargo for a notional value of $160.0 million and a fixed cash payment of $0.8 million. Under the terms of the interest rate collar, we are required to pay Wells Fargo if the monthly secured overnight financing rate ("SOFR")-based interest rate falls below the defined interest rate floor of 2.55%; conversely, we are entitled to receive payment from Wells Fargo if the SOFR-based interest rate rises above the defined interest rate cap of 5.25%. Settlement in cash occurs, if contractually required, until termination of the agreement in October 2024, and the variable interest rate is reset on the last day of each month. See "Item 8. Financial Information—Note 9.—Financial Instruments*"* for more details on the interest rate collar.

Foreign Exchange Fluctuations

We transact business in multiple currencies worldwide, of which the most significant currency for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period) was the U.S. dollar. Our international revenue, as well as costs and expenses dominated in foreign currencies, expose us to the risk of fluctuations in foreign currency exchange rates against the U.S. dollar. As of December 31, 2023 (Successor Period), the effect of a hypothetical 10% change in foreign currency exchange rates would not have been material to our financial condition or results of operations. To date, we have not entered into any hedging arrangements with respect to foreign currency risk. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

Inflation

We do not believe that inflation has had a material effect on our business, financial condition, or results of operations to date; however, we continue to monitor the effects of the global macroeconomic environment, including inflationary pressures. Generally, we have been able to introduce new products at higher prices, increase prices on select products and implement other operating efficiencies to sufficiently offset cost increases.

Trend Information

Other than as disclosed elsewhere in this Report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2023 (Successor Period) that are reasonably likely to have a material effect on our net sales or revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial condition.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth the names, ages and positions of our current directors and executive officers as of the date of this Report:

Name	Age	Position
Executive Officers/Directors		
Michel Brousset	51	Chief Executive Officer and Class III Director
Hind Sebti	45	Chief Growth Officer
Manuel Manfredi	49	Chief Financial Officer
Non-Employee Directors		
Felipe Dutra	58	Class III Director
Cristiano Souza	49	Class II Director
Sarah Brown	60	Class I Director
Juliette Hickman	50	Class II Director
Lindsay Pattison	51	Class I Director
Zack Werner	35	Class I Director
Aaron Chatterley	57	Class II Director
Simon Dai	32	Class III Director

Executive Officers

Michel Brousset has served as a director on our Board and our Chief Executive Officer since January 2021. Mr. Brousset has more than 25 years of experience leading, operating and building global brands at L'Oréal (PAR: OR) and Procter & Gamble (NYSE: PG) where he worked to launch and build iconic brands across multiple geographies. Most recently, Mr. Brousset founded Waldencast Ventures LP ("Waldencast Ventures"), a holding company and investment vehicle, in 2019 and has been the Chief Executive Officer since its inception. Waldencast Ventures partners with, creates, incubates and accelerates next-generation and early-stage beauty and wellness brands. Mr. Brousset has led investments in the current and former Waldencast Ventures portfolio companies.

Prior to founding Waldencast Ventures, Mr. Brousset was the Group President of L'Oréal's Consumer Products Division in North America from July 2016 to April 2019. In this role, Mr. Brousset managed each of the Presidents of key L'Oréal brands and the Presidents and cross-functional teams of L'Oréal Canada CPD and L'Oréal Caribe, as well as the heads of supply chain, finance, human resources ("HR"), information technology ("IT"), legal, research and development ("R&D") and consumer and market intelligence ("CMI"). As the Group President of L'Oréal's Consumer Products Division in North America, Mr. Brousset led multiple strategic initiatives and acquisitions.

Additionally, Mr. Brousset was the Chief Executive Officer and Managing Director of L'Oréal U.K. & Ireland between July 2013 and July 2016, where he managed a broad portfolio of brands and all the divisions of L'Oréal for the U.K, and Ireland. In addition, he managed across all functional areas including supply chain, finance, HR, IT, CMI, legal and regulatory. Mr. Brousset also spent nearly 14 years at Procter & Gamble in various marketing and brand management roles across North America and Western Europe.

Mr. Brousset currently serves as a member of the board of directors of several Waldencast Ventures portfolio companies. Our Board has implemented guidelines, pursuant to which, unless and until we and Waldencast Ventures merge or otherwise become affiliated entities, Mr. Brousset will spend on average at least 90% of his monthly average working time providing services to us, such that a maximum of 10% may be spent to provide services to Waldencast Ventures. Mr.

Brousset holds a B.S. in Economics from the Universidad del Pacífico in Peru and an M.B.A. from the University of North Carolina - Kenan-Flagler Business School.

Hind Sebti has served as our Chief Growth Officer since February 2021. Ms. Sebti has more than 20 years of experience leading and managing beauty brands across multiple categories and stages during her tenures at L'Oréal (PAR: OR) and Procter & Gamble (NYSE: PG). Ms. Sebti co-founded Waldencast Ventures alongside Mr. Brousset in 2019. Ms. Sebti brings in-depth knowledge and understanding of the beauty industry as well as consumer insights to identify and invest in the next-generation beauty brands. Importantly, Ms. Sebti plays a key role in helping portfolio brands scale, leveraging her extensive multi-category and brand management experience. Previously, Ms. Sebti also served as Chief Executive Officer of Waldencast Brands, a subsidiary of Waldencast Ventures, to incubate and commercialize new brands, where she led the brand creation process, with a focus on creative and operational optimization, through all stages from conception and product development to go-to-market strategy. She remains involved in the business, however pursuant to guidelines implemented by the Board, unless and until we and Waldencast Ventures merge or otherwise become affiliated entities, Ms. Sebti will spend on average at least 80% of her monthly average working time providing services to us, such that a maximum of 20% may be spent to provide services to Waldencast Ventures.

Prior to Waldencast Ventures, Ms. Sebti held various leadership positions at L'Oréal from April 2013 to December 2018. She was the General Manager for Maybelline and Essie in the U.K. from July 2017 to December 2018. She also held the position of General Manager of professional haircare brands Redken, Pureology and Mizani from September 2015 to July 2017, where she focused on digitalization and consumer centricity to drive growth. Ms. Sebti began her tenure at L'Oréal as the Marketing Director of L'Oréal Paris and Consumer Division Category Director. Prior to L'Oréal, Ms. Sebti held various Business Leader and Brand Manager positions at Procter & Gamble in the U.K., Ireland and France across brands such as Olay Skin Care and Gillette Venus from January 2002 to March 2013. Ms. Sebti serves as a member of the board of directors of Cosmetic Executive Women U.K. and holds a Master's. Ms. Sebti currently serves as Chairperson of the board of directors of Kjaer Weis, a Waldencast Ventures portfolio company. Degree in Industrial Engineering from The National Institute of Applied Science of Lyon.

Manuel Manfredi has served as our Chief Financial Officer since April 2024. Mr. Manfredi has a proven track record of performance having led financial organizations in the beauty and consumer products industries for nearly 25 years. Most recently, Mr. Manfredi served as Chief Financial Officer at L'Oréal Spain and Portugal, a role he has occupied since 2022. Previously Mr. Manfredi served as Chief Financial Officer for Italy (2019-2022), Chief Financial Officer for Spain (2015-2019) and in other senior financial roles at L'Oréal, managing multi-billion-dollar businesses across Europe and North America. While at L'Oréal, Mr. Manfredi played a key role in the acquisition and integration of a new cosmetics brand, executed several transformation projects of the finance, commercial, and back-office functions, and helped unlock value and growth through strong industry and operational expertise. Mr. Manfredi began his finance career at Procter & Gamble Europe in 1998, and holds a Business Management degree from the Universidad of Sevilla.

Non-Employee Directors

Felipe Dutra has been a director and the executive chairman of the board of directors of Waldencast Acquisition Corp. since January 2021. Mr. Dutra served as the Chief Financial Officer at Anheuser-Busch InBev (Euronext: ABI) (NYSE: BUD) (MEXBOL: ANB) (JSE: ANH) from January 2005 to April 2020 and played an instrumental role in building AB InBev from a regional Brazilian brewer into the world's largest brewer and a top five global consumer goods company according to sales through numerous landmark acquisitions. Mr. Dutra's contributions to AmBev, AB InBev's current subsidiary, stretch back to 1990. He held multiple leadership positions in Treasury and Finance at AmBev before being appointed to Chief Financial Officer in 2000. In addition to being a seasoned deal maker, over the course of his 15-year tenure as Chief Financial Officer of AB InBev, Mr. Dutra took on the additional role of Chief Technology Officer in 2014 to lead the company's adoption of digital technology and implementation of data analytics. Mr. Dutra also served as a Board Director of AmBev (BOVESPA: ABEV) (NYSE: ABEV) from January 2005 to May 2020, Grupo Modelo from December 2010 to June 2013 and Budweiser APAC from September 2019 to June 2020. He holds a degree in Economics from Universidade Candido Mendes and an M.B.A. from Universidade de São Paulo in Brazil.

Cristiano Souza has been a director of Waldencast plc since January 2021. Mr. Souza is the managing partner at Zeno Equity Partners LLP ("ZEP"). Based out of the United Kingdom, ZEP is the investment manager of the Zeno Investment Fund (ZIF) (f/k/a Dynamo Investment Fund) an investment fund focused on long-term equity investments. Prior to becoming managing partner at ZEP, Mr. Souza spent 29 years as a partner of Dynamo Administração de Recursos and nine years as a partner of Dynamo Capital LLC, where he was an analyst and portfolio manager of funds managed and advised by both entities. Mr. Souza has a Bachelor's degree in Economics from Candido Mendes University in Rio de Janeiro.

Sarah Brown has served as an independent director on our Board since March 2021. Ms. Brown's work brings together the worlds of business, philanthropy, non-profit activism, and youth campaigning. She is the Founder and Chair of Theirworld, a global children's charity based in London. She also serves as the Executive Chair of the U.S. non-profit Global Business Coalition for Education. Ms. Brown serves on the global board of UNICEF Executive Director's Generation Unlimited. She is the Chief Executive Officer of the Office of Gordon and Sarah Brown established in 2010 following Gordon Brown's Premiership in the U.K. Ms. Brown served as a Non-Executive Director of Harrods Group Holdings Ltd from 2012 until 2022. She holds a Bachelor's of Science degree in Psychology from the University of Bristol.

Juliette Hickman has served as an independent director on our Board since March 2021. Ms. Hickman served as an investment analyst at the Capital Group Companies for more than 20 years, with exposure to a broad range of industries on a global basis and specific expertise and focus on the global beverage industry. Throughout her career, Ms. Hickman has gained extensive expertise in corporate strategy, valuation, mergers and acquisitions, financial analysis, and risk assessment. She also serves on the Board of Keurig Dr Pepper. Ms. Hickman holds a Bachelor's of Arts (hons) degree in Politics and Public Administration from the Nottingham Trent University and a Postgraduate Certificate in Sustainable Business from the Cambridge Institute of Sustainability Leadership (CISL).

Lindsay Pattison has served as an independent director on our Board since March 2021. Ms. Pattison has years of experience in the fields of marketing, advertising and business-transformation. She was appointed in 2018 as the global Chief Client Officer at WPP PLC ("WPP"), a leading marketing services organization. Previously, Ms. Pattison was GroupM's, and then WPP's, Chief Transformation Officer. She was the Global Chief Executive Officer of Maxus, a WPP media agency, from 2014 until 2021. Her experience also includes roles at Young and Rubicam and PHD Media, as well as a client-side role with Sony Ericsson. She serves on the board of directors at the communications company Chime Ltd and at the international design agency Design Bridge. She served twice on the WEF Global Agenda Council on the Future of Media. As a passionate and vocal campaigner for gender equality, she launched 'Walk the Talk,' an initiative to help senior women at Maxus to thrive and make progress in their careers - a program now adopted globally by WPP. She sits on WPP's Inclusion Council and Risk Committee. Ms. Pattison holds a Bachelor's of Arts in English Literature from the University of Stirling and completed the TLC Leaders Program, a leadership course delivered by members of the faculty of Harvard Business School.

Zack Werner has served as an independent director on our Board since March 2021. Mr. Werner founded The Maze Group in 2016, a highly technical strategic consultancy focused on data architecture and driving growth through digital marketing. Maze partners with private equity owned and public clients such as LVMH, HelloFresh, JC Penney, General Electric, and Pat McGrath Labs to optimize customer acquisition, conversion rate, and retention as well as provide strategies around technology platform and infrastructure transformation. The Maze Group also partners with private equity clients to co-invest in consumer companies. Mr. Werner also started his career at Universal Music Group from 2011 until 2013, where he focused on digital distribution deals, customer relationship management and integrated marketing systems. In addition, in 2017, Mr. Werner became an advisor for Stadium Goods, a sneaker and streetwear marketplace, to oversee e-commerce and growth.

Simon Dai has served as a director on our Board since the consummation of the Business Combination. Mr. Dai has served on the board of directors of Obagi since September 2019, including as its Chairman since July 2020, and has led several investments in the healthcare space. Since January 2020, Mr. Dai has served as the Co-Chairman and Chief Executive Officer of Presbia PLC, a medical device company focused on the development of the presbyopia-correcting lens, an innovative solution for the common age-related loss of the ability to read or focus on near objects. He also co-founded Oxford MEStar in October 2013, a spin-out company from the Institute of Biomedical Engineering of Oxford University specializing in automation solution, serving as its Chief Executive Officer from October 2016 until August 2020. Previously, Mr. Dai focused on impact investing at Bill & Melinda Gates Foundation, where he was a Liaison Officer based in Ethiopia. Mr. Dai received a BA in Sociology from Manchester University, an MSc. in Finance from the London School of Economics and an MBA from the UCLA Anderson School of Management.

Mr. Dai has been appointed to our Board of by Cedarwalk pursuant to the Investor Rights Agreement, dated as of July 27, 2022, by and among us, Cedarwalk and CWC Skincare Ltd. as guarantor of Cedarwalk's obligations thereunder (the "Investor Rights Agreement"). For additional information regarding the Investor Rights Agreement, see "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" in this Report.

Aaron Chatterley has served as an independent director on our Board since December 2021. Mr. Chatterley founded the web development company SP New Media in 1996, where he served as the Chief Executive Officer until selling the company in 2000. In 2005, Mr. Chatterley co-founded the online beauty retailer, feelunique, where he served as the Chief

Executive Officer until April 2014. Mr. Chatterley led the partial sale of feelunique to Palamon Capital Partners in December 2012, as well as the sale of feelunique to LVMH/Sephora in September 2021. In October 2021 he co-founded the teen beauty brand indu. In addition, since 2016 Mr. Chatterley has served as a Non-Executive Director of Digital Jersey, an economic development agency, and currently serves as an audit and risk committee member. Mr. Chatterley also serves as an Ambassador for The Prince's Trust Women Supporting Women, a youth charity organization.

Family Relationships

There are no family relationships between any of our executive officers and directors.

Board Diversity

Waldencast's mission is to build a global best-in-class beauty and wellness operating platform by creating, nurturing, and scaling conscious, high growth, purpose-driven brands. Brands that aim to make the beauty industry a little better every day: more sustainable, more inclusive and more transparent.

For that reason, it is fundamental that our Board of Directors not only reflects our commitment to economic performance, but also our desire to create, nurture, and scale brands with a soul. Brands that marry purpose, art, beauty, and design with science, industry, and commerce to make the planet and the lives of those in it better. Our Board includes a variety of skills, professional and industry backgrounds, geographical experience and expertise, gender, tenure, ethnicity, and diversity of thought.

We firmly believe that a diverse Board with a range of views, insights, perspectives, and opinions will support good decision making and be of benefit to the Company's shareholders and all other stakeholders. We are committed to reviewing objectives to further increase our Board diversity over time through annual performance reviews and the support of the Nominations and Corporate Governance Committee.

Board Diversity Matrix (as of December 31, 2023)				
Country of Principal Executive Offices:	United Kingdom			
Foreign Private Issuer	Yes			
Disclosure Prohibited under Home Country Law	No			
Total Number of Directors	9			
Part I: Gender Identity				
	Female	Male	Non-Binary	Did not Disclose
Directors	3	6		
Part II: Demographic Background				
Underrepresented in Home Country Jurisdiction	4			
LGBTQ+	1			
Did Not Disclose Demographic Background	—			

B. Compensation

Fiscal Year 2023 Executive Officer and Director Compensation

The aggregate compensation paid and share-based compensation and other payments expensed by us and our subsidiaries to our executive officers with respect to the year ended December 31, 2023 (Successor Period) was $8.7 million. For so long as we qualify as a foreign private issuer, we are not required to comply with the proxy rules applicable to U.S. domestic companies, including the requirement applicable to emerging growth companies to disclose the compensation of our Chief Executive Officer and other two most highly compensated executive officers on an individual, rather than an aggregate, basis.

During the year ended on December 31, 2023 (Successor Period), none of our directors received any cash compensation for services rendered to us.

Our Equity Plans

We maintain two equity incentive plans: (i) our 2022 Incentive Award Plan (the "2022 Plan"), which became effective upon the closing of the Business Combination, and (ii) our 2022 Inducement Incentive Award Plan (the "2022 Inducement Plan"), which became effective on September 16, 2022 (collectively, the "Equity Plans").

Type of Awards

Under the 2022 Plan we may grant eligible officers, employees, non-employee directors and consultants restricted share units ("RSUs") and performance-vested share units ("PSUs"), restricted stock, non-qualified options or "Incentive stock options," share appreciation rights ("SARs"), other stock-based awards (valued in whole or in part by reference to, or otherwise based on, our ordinary shares, including divided equivalents) and bonuses payable in fully vested ordinary shares and awards that are payable solely in cash.

Under the 2022 Inducement Plan, we may grant RSUs, PSUs, non-qualified options, SARs, other stock-based awards (valued in whole or in part by reference to, or otherwise based on our ordinary shares, including dividend equivalents) and bonuses payable in fully vested ordinary shares to individuals who satisfy the standards for inducement grants under Rule 5635(c)(4) of the NASDAQ Listing Rules and the related guidance issued thereunder.

Share Reserves

As of December 31, 2023 (Successor Period), we had reserved a total of 19,361,660 Class A ordinary shares for issuance under the 2022 Plan subject to adjustment for changes in capitalization as provided under the 2022 Plan. The share reserve under the 2022 Plan will automatically increase on January 1st of each calendar year (each, an "Evergreen Date"), prior to the tenth anniversary of the Effective Date (as such term is defined in the 2022 Plan), in an amount equal to the lesser of (i) 3% of the total number of our Class A ordinary shares issued and outstanding on the December 31st immediately preceding the applicable Evergreen Date and (ii) a number of our Class A ordinary shares determined by the plan administrator, including zero. All of our ordinary shares reserved for issuance under the 2022 Plan as of the Effective Date may be granted as incentive stock options.

As of December 31, 2023 (Successor Period), we had reserved a total of 4,923,262 Class A ordinary shares for issuance under the 2022 Inducement Plan, subject to adjustment for changes in capitalization as provided under the 2022 Inducement Plan.

Administration

Our 2022 Plan is administered by our Board, unless the Board appoints a committee of directors to administer certain aspects of the 2022 Plan. In August 2022, the Board appointed the Compensation Committee as the "plan administrator" of the 2022 Plan. Our 2022 Inducement Plan is administered by our Board, unless the Board appoints a committee of directors to administer certain aspects of the 2022 Inducement Plan.

Terms of Awards

Under the terms of the Equity Plans, the exercise price of all options and stock appreciation granted under the Equity Plans will be determined by the plan administrator, but in no event may the exercise price be less than 100% of the fair market value of our related Class A ordinary shares on the date of grant, unless otherwise set forth in the applicable award agreement for an award grant under the 2022 Plan. Each stock option and free-standing SAR will vest and become exercisable (including in the event of the optionee's termination of employment or service) at such time and subject to such terms and conditions as determined by the plan administrator in the applicable individual option agreement.

Under the Equity Plans, the plan administrator may grant RSUs, PSUs, restricted stock awards, stock options and SARs that are subject to vesting, forfeiture and other terms and conditions as determined by the plan administrator in the applicable award agreement. The applicable individual award agreement may provide for the lapse of restrictions in installments or the acceleration or waiver of restrictions (in whole or part) under certain circumstances as set forth in the

applicable individual award agreement, including the attainment of certain performance goals, a recipients' termination of employment or service, or a recipient's death or disability.

In the event that a "change in control" (as such term is defined in the Equity Plans) occurs, each award granted under the Equity Plans, as applicable, will continue to operate in accordance with its terms, subject to adjustment (including, without limitation, assumption or conversion into equivalent awards of the acquirer's equity).

Under the Equity Plans, if (i) a change in control occurs and (ii) either (x) an outstanding award is not assumed or substituted in connection with such change in control or (y) an outstanding award is assumed or substituted in connection with such change in control and a recipient's employment or service is terminated without cause or by the recipient for good reason (if applicable) within 12 months following the change in control, then, except as provided in the applicable award agreement, (i) any unvested or unexercisable portion of an award carrying a right to exercise will become fully vested and exercisable and (ii) the restrictions, deferral limitations, payment conditions and forfeiture conditions applicable to any other award granted under the 2022 Plan will lapse, the awards will vest in full and any performance conditions will be deemed to be achieved at target performance levels.

Amendments and Plan Termination

The Equity Plans provide the Board with the authority to amend, alter or terminate the Equity Plans, but no such action may adversely affect the rights of any recipient with respect to outstanding awards without the recipient's consent. The applicable plan administrator may amend an award, prospectively or retroactively, but no such amendment may adversely affect the rights of any recipient without the recipient's consent. Shareholder approval of any such action under the 2022 Plan will be obtained if required to comply with applicable law.

No award will be granted pursuant to the 2022 Plan on or after July 27, 2032, but awards granted before that date may extend beyond that date.

All awards granted under the Equity Plans will be subject to the provisions of any clawback policy implemented by us (including the policy adopted by us in November 2023 in accordance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the applicable Nasdaq listing standards) to the extent set forth in such clawback policy, and will be further subject to such deductions and clawback as may be required to be made pursuant to any law, government regulation or stock exchange listing standard.

Grants Made to Executive Officers of the Company under the Equity Plans

During the year ended on December 31, 2023 (Successor Period), the Company granted our then-current Chief Financial Officer a strategic growth incentive award of 250,000 performance share units at target (the "CFO SGI Award") under the 2022 Inducement Plan. In connection with our former Chief Financial Officer's voluntary termination of employment in January 2024, the CFO SGI Award was fully forfeited and cancelled, in accordance with the applicable award agreement, without payment of any consideration by the Company. During the year ended on December 31, 2023 (Successor Period), none of our other executive officers were granted equity incentive awards under the Equity Plans.

C. Board Practices

Composition of the Board of Directors

Our business and affairs are managed under the direction of our Board. As of the date of this Report, our Board consists of nine directors. Subject to the terms of the Investor Rights Agreement, our Constitutional Document provides that the number of directors on our Board will be fixed by our Board.

When considering whether directors and director nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable our Board to satisfy its oversight responsibilities effectively in light of its business and structure, our Board focuses primarily on each person's background and experience in order to provide an appropriate mix of experience and skills relevant to the size and nature of the business.

Pursuant to our Investor Rights Agreement with Cedarwalk, the Sponsor and CWC Skincare Ltd., the guarantor of Cedarwalk's obligation thereunder, we have agreed to take all necessary action to cause our Board to be comprised of one director nominated by Cedarwalk for as long as Cedarwalk owns 5% of our then outstanding Ordinary Shares. Mr. Simon

Dai has been elected as the initial director nominee of Cedarwalk, and serves as a Class III director. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" for more information on the Investor Rights Agreement.

Classified Board of Directors

In accordance with the terms of our Constitutional Document, our Board may consist of no less than five, but no more than 15 natural persons, such number to be set by the Board by resolution from time to time. Our Board is divided into classes of directors that will serve staggered three-year terms. At each annual meeting of shareholders, a class of directors will be elected for a three-year term to succeed the same class whose term is then expiring. As a result, only one class of directors will be elected at each annual meeting of our shareholders, with the other classes continuing for the remainder of their respective three-year terms. Our Board is divided among the three classes as follows:

- the Class I directors, which are Lindsay Pattison, Zack Werner and Sarah Brown, and their terms will expire at the first annual meeting of shareholders to be held after the consummation of the Business Combination;
- the Class II directors, which are Aaron Chatterley, Juliette Hickman and Cristiano Souza, and their terms will expire at the second annual meeting of shareholders to be held after the consummation of the Business Combination; and
- the Class III directors, which are Michel Brousset, Felipe Dutra and Simon Dai, and their terms will expire at the third annual meeting of shareholders to be held after the consummation of the Business Combination.

Each director's term will continue until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our Board may have the effect of delaying or preventing changes in control our company.

Director Independence

As a result of our common stock being listed on The Nasdaq Capital Market, we are required to comply with the applicable rules of the exchange in determining whether a director is independent. We believe that each of Ms. Sarah Brown, Ms. Juliette Hickman, Ms. Lindsay Pattison, Mr. Zack Werner and Mr. Aaron Chatterley qualifies as "independent" as defined under the applicable Nasdaq rules.

Foreign Private Issuer Status

For so long as we qualify as a foreign private issuer, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and imposing liability for insiders who profit from trades made within a short period of time;
- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the rules under the Exchange Act requiring the filing with the SEC of an annual report on Form 10-K (although we will file annual reports on a corresponding form for foreign private issuers), quarterly reports on Form 10-Q containing unaudited financial and other specified information (although we will file semi-annual financial information on a current reporting form for foreign private issuers), or current reports on Form 8-K, upon the occurrence of specified significant events; and
- Regulation Fair Disclosure or Regulation FD, which regulates selective disclosure of material non-public information by issuers.

Accordingly, there may be less publicly available information concerning our business, executive compensation and other matters than there would be if we were a U.S. public company. Additionally, certain accommodations in the Nasdaq corporate governance standards allow foreign private issuers, such as us, to follow "home country" corporate governance practices in lieu of the otherwise applicable corporate governance standards.

Committees of the Board of Directors

Our Board directs the management of our business and affairs, as provided by Jersey law, and conducts its business through meetings of our Board and standing committees. We have three standing committees - an audit committee, a compensation committee and a nominating and governance committee.

In addition, from time to time, special committees may be established under the direction of our Board when it deems it necessary or advisable to address specific issues. Copies of the charters for each committee are available on our website, www.waldencast.com, as required by applicable SEC and Nasdaq rules. The information on or available through our website is not deemed incorporated in this Report and does not form part of this Report.

Audit Committee

The audit committee's responsibilities include, among other things:

- assisting board oversight of (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) our independent auditor's qualifications and independence and (iv) the performance of our internal audit function and independent auditors;
- the appointment, compensation, retention, replacement and oversight of the work of the independent auditors and any other independent registered public accounting firm engaged by us;
- pre-approving all audit and non-audit services to be provided by the independent auditors or any other registered public accounting firm engaged by us, and establishing pre-approval policies and procedures;
- reviewing and discussing with the independent auditors all relationships the auditors have with us in order to evaluate their continued independence;
- monitoring compliance by the independent auditors with the audit partner rotation requirements contained in applicable laws and regulations;
- monitoring our compliance with the employee conflict of interest requirements contained in applicable laws and regulations;
- obtaining and reviewing a report from the independent auditors describing (i) all critical accounting policies and practices to be used; (ii) any critical audit matters arising from the current period audit; (iii) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; (iv) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted audit differences; and (v) any material financial arrangements which do not appear on our financial statements;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures on a regular basis;
- obtaining and reviewing a report, at least annually, from our management, attested to by the independent auditors, assessing the effectiveness of our internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in our Annual Report on Form 20-F or Form 10-K, as applicable;
- meeting to review and discuss our annual audited financial statements and quarterly financial statements with management and the independent auditor;
- reviewing and approving any related party transaction required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the SEC prior to us entering into such transaction; and
- reviewing with our legal advisors, when appropriate, any legal, regulatory matters, including any matters (i) that may have a material impact on our financial statements and (ii) involving potential or ongoing material violations of law or breaches of fiduciary duty by us or any of our directors, officers, employees, or agents or breaches of fiduciary duty to us.

The audit committee consists of Juliette Hickman, Sarah Brown and Zack Werner, with Juliette Hickman serving as chair. Our Board has determined that each of the members of the audit committee qualifies as independent under the Nasdaq rules applicable to members of our Board generally and under the Nasdaq rules and Exchange Act Rule 10A-3 specific to audit committee members and that each of the members of the audit committee meets the requirements for

financial sophistication under the applicable Nasdaq rules. In addition, our Board has determined that Juliette Hickman qualifies as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee

The functions of the compensation committee include:

- reviewing and approving compensation plans for the Company's executive officers and recommending to the Board for approval.
- evaluating on an annual basis the performance of the Company's executive officers, taking into consideration, among other things the short-term and long-term goals and objectives of the Company's executive compensation plans and determining and approving the remuneration of our executive officers (other than our Chief Executive Officer and our Chief Growth Officer) and recommending to our Board the remuneration of our Chief Executive Officer and our Chief Growth Officer; in each case, based on such evaluations;
- reviewing and making recommendations to our Board with respect to the compensation, and any incentive-compensation and equity-based plans that are subject to the Board's approval;
- determining and approving any grants of equity awards to be made to eligible participants (other than our Chief Executive Officer and our Chief Growth Officer) and recommending to the Board for approval any equity awards to be made to our Chief Executive Officer and our Chief Growth Officer.
- implementing and administering our incentive compensation and equity-based remuneration plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements and recommending to the Board for approval, if necessary;
- approving all special perquisites, special cash payments and other special compensation and benefit arrangements for our officers and employees;
- producing a report on executive compensation to be included in our annual report on Form 20-F or Form 10-K, as applicable;
- reviewing and approving the terms of any compensation "clawback" or similar policy or agreement between the Company and our executive officers or other employees, as deemed necessary or as required by applicable law; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for non-employee directors.

The compensation committee consists of Lindsay Pattison, Zack Warner and Juliette Hickman, with Lindsay Pattison serving as chair. Our Board has determined that each of the members of the compensation committee meets the independence requirements under Nasdaq and SEC rules. Our Board has determined that each member of this committee will also be a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act.

The composition and function of the compensation committee complies with all applicable requirements of the Sarbanes-Oxley Act and all applicable SEC rules and regulations. We will comply with future requirements to the extent they become applicable.

Nominating and Corporate Governance Committee

The functions of the nominating and corporate governance committee include:

- identifying, screening and reviewing individuals qualified to serve as directors, consistent with criteria approved by our Board, and recommending to our Board candidates for nomination for appointment at the annual general meeting or to fill vacancies on our Board;
- developing and recommending to our Board, and overseeing implementation of, our corporate governance guidelines;
- coordinating and overseeing the annual evaluation of our Board, as whole, and management, and evaluating and reporting to our Board on the performance and effectiveness of our Board and each of our committees; and
- reviewing on a regular basis our overall corporate governance and recommending improvements as and when necessary.

The nominating and corporate governance committee consists of Sarah Brown, Aaron Chatterley and Lindsay Pattison, with Sarah Brown serving as the chair. Our Board has determined that each of the members of the nominating and governance committee meet the independence requirements under Nasdaq and SEC rules.

The composition and function of the nominating and governance committee comply with all applicable requirements of the Sarbanes-Oxley Act and all applicable SEC rules and regulations. We will comply with future requirements to the extent they become applicable.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently, or has been at any time, one of our officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board or compensation committee.

D. Employees

Information pertaining to Waldencast plc's employees is set forth in "Item 4 Information on the Company—4.B. Business Overview" of this Report.

E. Share Ownership

Information pertaining to Waldencast plc's share ownership is set forth in "Item 7. Major Shareholders and Related Party Transactions—7.A. Major Shareholders" of this Report.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of Ordinary Shares as of April 15, 2024 by:

- each person known by us to be the beneficial owner of more than 5% of Ordinary Shares;
- each of our directors and executive officers; and
- all our directors and executive officers as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if that person possesses sole or shared voting or investment power over that security. A person is also deemed to be a beneficial owner of securities that such person has a right to acquire within 60 days including, without limitation, through the exercise of any option, warrant or other right or the conversion of any other security. Such securities, however, are deemed to be outstanding only for the purpose of computing the percentage beneficial ownership of that person but are not deemed to be outstanding for the purpose of computing the percentage beneficial ownership of any other person. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities.

As of April 15, 2024, (the "record date"), there were 109,703,729 Class A ordinary shares (not including 1,916,666 Class A ordinary shares subject to outstanding stock options held by our executive officers that are currently exercisable, but have not yet been settled) and 12,485,413 Waldencast plc Class B ordinary shares issued and outstanding.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all voting shares beneficially owned by them.

Name and Address of Beneficial Owner[1]	Class A ordinary shares	% of Class A ordinary shares outstanding	Class B ordinary shares[10]	% of Combined Voting Power[11]
5% Holders				
Cedarwalk Skincare Ltd[2]	28,637,506	26.1 %		23.4 %
Waldencast Long-Term Capital LLC (the Sponsor)[3]	23,066,666	20.0 %	—	18.0 %
Zeno Investment Master Fund[4]	20,500,709	17.7 %	—	16.0 %
Burwell Mountain Trust[5]	11,826,110	10.4 %	—	9.4 %
Santa Venerina Inv. & Arbitrage Ltd.[6]	10,000,000	9.1 %	—	8.2 %
Main Post Growth Capital, L.P.	6,090,058	5.6 %		5.0 %
Directors and Executive Officers				
Sarah Brown	20,000	*	—	*
Aaron Chatterley	20,000	*	—	*
Juliette Hickman	20,000	*	—	*
Lindsay Pattison	20,000	*	—	*
Zack Werner	20,000	*	—	*
Michel Brousset[7]	6,592,780	5.8 %	—	5.2 %
Simon Dai	—	—	—	—
Hind Sebti[8]	553,333	*	—	*
Philippe Gautier[9]	3,379	*	—	*
Manuel Manfredi[9]	—	— %	—	— %
Cristiano Souza[4]	20,500,709	17.7 %	—	16.0 %
Felipe Dutra[5]	—	—	—	—
All Waldencast plc directors and executive officers as a group (10 individuals)	27,750,201	23.1 %	—	21.0 %

* Less than one percent.

1. Unless otherwise noted, the business address for each of those listed in the table above is c/o Waldencast plc, 10 Bank Street, Suite 560, White Plains, NY 10606.

2. This information is based on a Schedule 13D filed with the SEC on August 5, 2022 by Cedarwalk Skincare Ltd. ("Cedarwalk"). According to this Schedule 13D, Cedarwalk directly holds 28,237,500 Class A ordinary shares. CWC Skincare Ltd. ("CWC") is the sole shareholder of Cedarwalk, and Sijue Dai is the sole shareholder of CWC and the Director of each of Cedarwalk and CWC. Each of CWC and Mr. Dai may be deemed to be the beneficial owner of 28,237,500 Waldencast Class A ordinary shares. The business address of each is c/o Cedarwalk Skincare Limited, Rm 3001-3010, 30/F, China Resource Building, 26 Harbour Road, Wanchai, Hong Kong.

3. Reflects securities held directly by Beauty Ventures consisting of (i) 17,300,000 Class A ordinary shares and (ii) 5,766,666 Class A ordinary shares issuable upon exercise of warrants held by Beauty Ventures. Waldencast Long-Term Capital LLC, (the "Sponsor"), is the managing member of Beauty Ventures. The voting and investment power of the Sponsor is exercised jointly by Waldencast Ventures, LP, Burwell Mountain Trust, and Zeno Investment Master Fund (f/k/a Dynamo Master Fund). Waldencast Ventures, LP is controlled by Michel Brousset. See footnote 7 for further details. Burwell Mountain PTC LLC is the trustee of Burwell Mountain Trust, a non-grantor, fully discretionary dynasty trust duly organized under Wyoming law. See footnote 5 for further details. Zeno Investment Master Fund is controlled by Cristiano Souza. See footnote 4 for further details.

4. This information is based on a Schedule 13D/A filed with the SEC on February 9, 2024 by Zeno Investment Master Fund, (f/k/a Dynamo Master Fund) who beneficially owns 20,500,709 Class A ordinary shares (comprised of 14,522,933 Class A ordinary shares and 5,766,666 Class A ordinary shares issuable upon exercise of the Private Placement Warrants). Zeno Equity Partners LLP, a British limited liability partnership, is the investment manager of Zeno Investment Master Fund. Cristiano Souza is the controlling shareholder of Zeno Equity Partners

LLP. The business address of Zeno Equity Partners LLP, Zeno Investment Master Fund is 272 Kings Road, College House 3rd floor, London SW3 5AW.

5. This information is based on a Schedule 13D filed with the SEC on August 8, 2022 by Burwell Mountain Trust. According to this Schedule 13D, Burwell Mountain Trust directly holds 7,848,333 Class A ordinary shares and Private Placement Warrants exercisable for 3,977,777 Class A ordinary shares. Burwell Mountain PTC LLC, as trustee of Burwell Mountain Trust, has the sole voting and dispositive power over the shares held on behalf of the Burwell Mountain Trust, a non-grantor, fully discretionary dynasty trust duly organized under Wyoming law of which Felipe Dutra and his descendants are eligible beneficiaries. Burwell Mountain PTC LLC is an independent trustee over which Mr. Dutra has no control. The business address of each is 270 W. Pearl, Suite 103, Jackson, WY 83001. Burwell Mountain PTC LLC, as trustee of the Burwell Mountain Trust, pledged substantially all of the reported securities held by it pursuant to a loan agreement with customary default provisions. In the event of a default under the loan agreement, following such securities respective lock-up periods, the secured parties may foreclose upon any and all securities pledged to them.

6. This information is based on a Schedule 13G filed with the SEC on February 1, 2024 by Santa Venerina Inv. & Arbitrage Ltd.The business address of Santa Venerina Inv. & Arbitrage Ltd. is East Bay Street, P.O. Box N-7757, Nassau, Bahamas.

7. Waldencast Ventures, LP holds (i) 2,848,334 Class A ordinary shares, (ii) 1,977,779 Class A ordinary shares issuable upon exercise of the Private Placement Warrants and (iii) 333,334 Class A ordinary shares issuable upon exercise of the Working Capital Loan warrants. Mr. Brousset is the chief executive officer of Waldencast Management, LLC, the general partner of Waldencast Ventures, LP. As such, Mr. Brousset may be deemed to beneficially own the shares held by Waldencast Ventures, LP. Mr. Brousset also holds (i) 50,000 Class A ordinary shares and (ii) 1,383,333 stock options that are exercisable within 60 days of the record date for Class A ordinary shares, subject to a per share exercise price of $10.70 and an expiration date of August 12, 2028.

8. Ms. Sebti holds (i) 20,000 Class A ordinary shares and (ii) 533,333 stock options that are exercisable within 60 days of the record date for Class A ordinary shares, subject to a per share exercise price of $10.70 and an expiration date of August 12, 2028.

9. Effective January 31, 2024, Philippe Gautier resigned as Chief Financial Officer, Chief Operating Officer and the principal financial officer of the Company. Mr. Gautier holds 3,379 Class A ordinary shares. Effective April 1, 2024 Manuel Manfredi was appointed Chief Financial Officer and principal financial officer of the Company.

10. Class B ordinary shares are non-economic voting shares and may be exchanged, together with an equal amount of Waldencast LP Units, for Class A ordinary shares.

11. Includes both Class A ordinary shares and Class B ordinary shares.

Based on a review of the information provided to us by our transfer agent, as of April 15, 2024, there were 49 registered holders of our Class A ordinary shares, 14 of which are United States registered holders (including Cede & Co., the nominee of the Depository Trust Company), holding approximately 38.3% of our outstanding Class A ordinary shares; and there were 9 registered holders of our Class B ordinary shares, 8 of which are United States registered holders, holding approximately 77.6% of our outstanding Class B ordinary shares. The number of record holders in the United States is not representative of the number of beneficial holders nor is it representative of where such beneficial holders reside since many of these ordinary shares are held by brokers or other nominees.

B. Related Party Transactions

Waldencast

Forward Purchase Agreements

In connection with our IPO, on February 22, 2021, we, the Sponsor and Zeno entered into a Forward Purchase Agreement (the "Sponsor FPA"), which was subsequently amended by the assignment and assumption agreement entered into by and between the Sponsor and Burwell on December 20, 2021. Under the assignment and assumption agreement, Sponsor assigned, and Burwell assumed, all of the Sponsor's rights and benefits under the Forward Purchase Agreement, pursuant to which, Burwell and Zeno committed to subscribe for and purchase 16,000,000 Class A ordinary shares and 5,333,333 warrants for an aggregate commitment amount of $160.0 million in connection with the closing of our initial business combination. In addition, we and Beauty Ventures entered into a Forward Purchase Agreement on March 1, 2021

(the "Third-Party FPA", and together with the Sponsor FPA, the "FPAs,") pursuant to which Beauty Ventures committed to subscribe for and purchase up to 17,300,000 Class A ordinary shares and up to 5,766,666 warrants for an aggregate commitment amount of $173.0 million, in connection with the closing of our initial business combination. Members of our Sponsor or their affiliates will begin to receive a twenty percent (20%) performance fee allocation on the return of the forward purchase securities in excess of the hurdle rate, calculated on the total return generated from forward purchase securities (whether by dividend, transfer or increase in value as measured from date of issuance), when the return of such securities (less the expenses of Beauty Ventures) underlying the Third-Party FPA exceeds a hurdle rate of five percent (5%) accrued annually until the fifth anniversary of the issuance of such securities. In the event of a transfer and subsequent sale of any forward purchase securities prior to such fifth anniversary, the performance fee for the period between such transfer and such fifth anniversary will be calculated based on the proceeds generated by such sale. The FPA investments were consummated substantially concurrently with the consummation of the Business Combination.

The foregoing description of the FPAs and the transactions contemplated thereby is not complete and is subject to and qualified in its entirety by reference thereto, copies of which are attached as Exhibits 4.7, 4.8 and 4.9 to this Report and the terms of which are incorporated by reference herein.

Private Placement Warrants

Simultaneously with the consummation of our IPO, the Sponsor purchased 5,933,333 private placement warrants at a purchase price of $1.50 per private placement warrant, or $8.9 million in the aggregate. Each private placement warrant entitles the holder to purchase one Class A ordinary share for $11.50 per share. The private placement warrants may not be redeemed by us so long as they are held by the Sponsor or its permitted transferees. If the private placement warrants are held by holders other than the Sponsor or its permitted transferees, the private placement warrants will be redeemable by us and exercisable by the holders on the same basis as the warrants included in the Units that were sold as part of our IPO. The Sponsor, or its permitted transferees, has the option to exercise the private placement warrants on a cashless basis.

The private placement warrants are identical to the warrants included in the Units sold in our IPO, except that the private placement warrants: (i) are not redeemable by us, (ii) may be exercised for cash or on a cashless basis so long as they are held by the Sponsor or any of its permitted transferees and (iii) are entitled to registration rights (including the Class A ordinary shares issuable upon exercise of the private placement warrants). Additionally, the purchasers have agreed not to transfer, assign or sell any of the private placement warrants, including our Class A ordinary shares issuable upon exercise of the private placement warrants (except to certain permitted transferees), until 30 days after the completion of our initial business combination.

In connection with the Business Combination, each of the 5,933,333 private placement warrants converted automatically into a warrant to acquire one Class A ordinary share. The foregoing description of the private placement warrant agreement is not complete and is subject to and qualified in its entirety by reference thereto, a copy of which is attached as Exhibit 2.3 and Exhibit 2.4 to this Report and the terms of which are incorporated by reference herein.

Registration Rights

The holders of the sponsor shares, private placement warrants, and warrants that were issued upon conversion of the Working Capital Loan (as defined below) (and any Class A ordinary shares issuable upon (i) the exercise of the private placement warrants, including the Working Capital Warrants (as defined below) and (ii) the conversion of the sponsor shares) are entitled to registration rights pursuant to a registration rights agreement dated March 15, 2021 (the "Legacy Registration Rights Agreement") requiring us to register such securities for resale (in the case of the sponsor shares, only after conversion to our Class A ordinary shares). The holders of these securities are entitled to make up to three demands, excluding short form demands, that we register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of the Business Combination and rights to require us to register for resale such securities pursuant to Rule 415 under the Securities Act. We will bear the expenses incurred in connection with the filing of any such registration statements.

We, the Sponsor, the members of the Sponsor and certain of our shareholders, Obagi and Milk and certain of their respective affiliates entered into an amended and restated registration rights agreement, dated July 27, 2022 (the "Registration Rights Agreement"), pursuant to which we agreed to register for resale, pursuant to Rule 415 under the Securities Act, certain of our Class A ordinary shares and our other securities that are held by the parties thereto from time to time, subject to the restrictions on transfer therein. The Registration Rights Agreement amended and restated the Legacy

Registration Rights Agreement and terminates with respect to any party thereto, on the date that such party no longer holds any Registrable Securities (as defined therein).

In August 2022, we filed a registration statement on Form F-1 to register up to 121,120,063 Class A ordinary shares, consisting of (i) 8,545,000 Class A ordinary shares converted from the sponsor shares; (ii) 80,000 Class A ordinary shares converted from the founder shares held by the Investor Directors; (iii) 20,000 Class A ordinary shares issued to Aaron Chatterley in a private placement exempt from registration pursuant to Section 4(a)(2) of the Securities Act, and Rule 506 of Regulation D promulgated thereunder, in connection with the consummation of the Business Combination; (iv) 28,237,506 Class A ordinary shares issued pursuant to the Obagi Merger Agreement; (v) 21,104,225 Class A ordinary shares issuable in exchange for 21,104,225 Class B ordinary shares pursuant to the Milk Equity Purchase Agreement; (vi) 11,800,000 Class A ordinary shares issued in the PIPE Investments; (vii) 33,300,000 Class A ordinary shares issued pursuant to the FPAs; and (viii) 18,033,332 Class A ordinary shares issuable in respect of the private placement warrants, pursuant to the Registration Rights Agreement.

The foregoing description of the Registration Rights Agreement 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 attached as Exhibit 4.4 to this Report and the terms of which are incorporated by reference herein.

Administrative Services Agreement

We entered into an agreement whereby, commencing on March 15, 2021, through the earlier of the consummation of a business combination or our liquidation, we agreed to pay the Sponsor a monthly fee of $0.01 million for office space, administrative, financial and support services. We incurred approximately $0.065 million in administrative expenses under the agreement through the Closing Date, but ceased to incur these fees following the completion of the Business Combination. As of December 31, 2022 (Successor Period), there was no outstanding balance under the administrative services agreement.

Lock-Up Agreements

Pursuant to the 2023 Subscription Agreements, the 2023 PIPE Investors agreed not to transfer or sell, during the respective lock-up period, any (i) 2023 PIPE Shares or (ii) Class A shares held by such holder at or prior to the respective PIPE Closing Dates. For 75% of the Lock-Up Shares, the applicable lock-up period means the period beginning on the applicable PIPE Closing Date and ending on the one-year anniversary of the applicable PIPE Closing Date. For 25% of the Lock-Up Shares, the applicable lock-up period means the period beginning on the applicable PIPE Closing Date and ending on the six-month anniversary of the applicable PIPE Closing Date.

Waiver and Agreement

In connection with the consummation of the Business Combination, we waived those certain provisions as contemplated by the Letter Agreement and certain other agreements related thereto (collectively, the "Waiver"), with respect to any securities held by an Insider (as defined in the Letter Agreement) as of the closing the Business Combination (the "Lock-Up Securities") that would disallow a pledge by such Insider of the Lock-Up Securities in a transaction for the purpose of financing such Insider's payment obligations owed in connection with the closing of the Business Combination.

In connection with such Waiver, we entered into that certain Waiver and Agreement, dated as of July 25, 2022, by and between us and Burwell (the "Waiver and Agreement"), to permit a pledge by Burwell of its Lock-Up Securities to be used as a portion of the collateral under a loan to finance Burwell's payment obligations under the Sponsor FPA in connection with the closing of the Business Combination. Pursuant to the terms of the Waiver and Agreement, in the event of a foreclosure, any such lenders or a collateral agents will be required to execute a joinder to the Letter Agreement pursuant to which they will be bound by the transfer restrictions of the Lock-Up Securities (including the foreclosure of or other exercise of remedies under any such loan documentation) in the Letter Agreement for the duration of such agreement. We also agreed to provide any such lender or collateral agent with customary registration rights in the event of default, foreclosure or other exercise of remedies following the respective Lock-Up Periods (as defined in the Letter Agreement).

The foregoing description of the Waiver and Agreement 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 attached as Exhibit 4.12 to this Report and the terms of which are incorporated by reference herein.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements provide, to the fullest extent permitted under law, indemnification against all expenses, judgments, fines and amounts paid in settlement relating to, arising out of or resulting from indemnitee's status as a director, officer, employee, fiduciary or agent of the Company or any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity which such person is or was serving at the Company's request as a director, officer, employee or agent. In addition, the indemnification agreements provide that the Company will advance, to the extent not prohibited by law, the expenses incurred by the indemnitee in connection with any proceeding, and such advancement will be made within thirty (30) days after the receipt by the Company of a statement requesting such advances from time to time, whether prior to or after final disposition of any proceeding. The foregoing description of the indemnification agreements and the transactions contemplated thereby is not complete and is subject to and qualified in its entirety by reference thereto, a copy of the form of indemnification agreement is attached as Exhibit 4.6 to this Report and the terms of which are incorporated by reference herein.

Transactions with Waldencast Ventures LP

Waldencast Ventures LP is a shareholder of the Company and is controlled by Michel Brousset. The Company reimbursed Waldencast Ventures LP with respect to salary and other costs relating to Michel Brousset and Hind Sebti incurred by Waldencast Ventures LP in 2022 following the Business Combination as well as a portion of rent related to the Company's London offices. For the year-ended December 31, 2023 (Successor Period) the total amount reimbursed was $0.3 million.

Director Interests

Pursuant to Article 75 of the Jersey Companies Law and the Constitutional Document, any director of the Company who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Company or by a subsidiary of the Company which to a material extent conflicts or may conflict with the interests of the Company and of which the director is aware, is required to disclose to the Company the nature and extent of the director's interest.

- Mr. Dutra and his descendants are eligible beneficiaries of Burwell Mountain Trust and should be regarded as interested accordingly in any transaction involving Burwell and its affiliates;
- the Investor Directors and Mr. Chatterley each owns 20,000 Class A ordinary shares and should be regarded as interested accordingly in any transaction involving such Class A ordinary shares;
- Simon Dai was nominated for appointment to our Board by Cedarwalk, pursuant to the Investor Rights Agreement, and should be regarded as interested accordingly in any transaction involving Cedarwalk and its affiliates;
- Mr. Brousset is the chief executive officer of Waldencast Management, LLC, the general partner of Waldencast Ventures. Waldencast Ventures holds (a) 2,848,334 Class A ordinary shares; (b) 1,977,779 Class A ordinary shares issuable upon exercise of the Private Placement Warrants; and (c) 333,334 Class A ordinary shares issuable upon exercise of the Working Capital Loan warrants. Mr. Brousset should be regarded as interested accordingly in any transaction involving such Class A ordinary shares, Waldencast Ventures and its affiliates; and
- Mr. Souza is the controlling shareholder of Zeno Equity Partners LLP, the investment manager of Zeno Investment Master Fund. Zeno Investment Master Fund holds (a) 14,522,933 Class A ordinary shares; and (b) 5,766,666 Class A ordinary shares issuable upon exercise of the Private Placement Warrants. Mr. Souza should be regarded as interested accordingly in any transaction involving such Class A ordinary shares, Zeno Investment Master Fund and its affiliates.

As a matter of Jersey law, each director of the Company is under a duty to act honestly and in good faith with a view to acting in the best interests of the Company, regardless of any other directorship such director may hold. Each director is responsible for advising the board of directors in advance of any potential conflicts of interest.
2023 PIPE Transaction

2023 PIPE Transaction

In September 2023, we entered into the 2023 Subscription Agreements with the 2023 PIPE Investors, pursuant to, and on the terms and subject to the conditions of which, the 2023 PIPE Investors collectively subscribed for 14,000,000 Class

A ordinary shares in a private placement at a purchase price of $5.00 each per share, for aggregate gross proceeds of $70.0 million. The 2023 PIPE Investment was anchored by a $50 million investment by a Beauty Ventures stakeholder. The remainder of the 2023 PIPE Investors were certain existing shareholders, certain members of the Sponsor, Mr. Brousset and Ms. Sebti. The 2023 Subscription Agreements relating to approximately $68 million of proceeds was consummated in September 2023, with the closings of Subscription Agreements relating to the remaining approximately $2 million consummated in November 2023 (the "Closing Date"). The Subscription Agreements for the 2023 PIPE Investors provided for certain lock-up restrictions as described above under "*Lock-up Agreements*".

The 2023 Subscription Agreements provide for certain registration rights pursuant to which Waldencast is required to, as soon as practicable but no later than 60 days following the SEC notice that the post-effective amendment filed in connection with the Company's Registration Statement on Form F-1, has been declared effective, submit to or file with the SEC a registration statement registering the resale of such shares. Additionally, Waldencast is required to use its commercially reasonable efforts to have the registration statement declared effective as soon as practicable after the filing thereof, but no later than the earlier of (i) the 90th calendar day following the filing date thereof if the SEC notifies us that it will review the registration statement and (ii) the 10th business day after the date we are notified (orally or in writing, whichever is earlier) by the SEC that the registration statement will not be "reviewed" or will not be subject to further review. We must use commercially reasonable efforts to keep the registration statement effective until the earliest of: (i) the date the 2023 PIPE Investors no longer hold any registrable shares, (ii) the date all registrable shares held by the 2023 PIPE Investors may be sold without restriction under Rule 144 under the Securities Act and (iii) two years from the date of effectiveness of the registration statement.

The foregoing description of the 2023 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 Agreement, the form of which is attached as Exhibit 4.14 to this Report on Form 20-F and incorporated by reference herein.

Obagi

Operational Support Services Agreement

In January 2018, Obagi Cosmeceuticals entered into an operational support services agreement with Obagi Holdco, Obagi Hong Kong and Obagi Shanghai Cosmeceuticals Co. Ltd., a subsidiary of Obagi Hong Kong ("Obagi Shanghai"), pursuant to which Obagi Cosmeceuticals provided certain services, including administrative and product related services, to the other signatories party thereto. The agreement terminated with respect to Obagi Hong Kong and Obagi Shanghai in connection with the Obagi China Distribution (as defined below). Under the agreement, which automatically renewed for a one-year term on January 1, 2021, Obagi Cosmeceuticals received service fees in an amount equal to the sum of its costs incurred in the performance of such services plus five percent (5%).

Non-Exclusive Marketing Services Agreement

In August 2019, Obagi Holdco and Obagi Shanghai entered into a non-exclusive marketing services agreement, pursuant to which Obagi Shanghai provided certain sales and marketing services to Obagi Holdco in the PRC. Under the agreement, which terminated upon closing of the Business Combination, Obagi Shanghai received service fees in an amount equal to the sum of its costs incurred in the performance of such services plus five percent (5%).

Obagi China Distribution

As a condition to the Obagi Merger Agreement, prior to the Closing Date, Obagi Holdco distributed to Obagi and then Obagi distributed to Cedarwalk of all of the issued and outstanding shares of capital stock of Obagi Hong Kong and certain related assets pursuant to distribution agreements in the Obagi China Distribution. Prior to the Business Combination, the Obagi China Business had been conducted through Obagi Hong Kong and its subsidiaries. The following agreements were entered into in connection with the closing of the Business Combination: (a) that certain Transition Services Agreement, dated as of July 27, 2022, by and among Obagi certain of Obagi's affiliates and Obagi Hong Kong, pursuant to which Obagi and certain of its affiliates will provide transition services to Obagi Hong Kong, (b) that certain IP License Agreement, dated as of July 27, 2022, by and among Obagi and Obagi Hong Kong pursuant to which Obagi will exclusively license intellectual property relating to the Obagi brand to Obagi Hong Kong with respect to the China Region, and (c) that certain Supply Agreement, dated as of July 27, 2022, by and between Obagi and Obagi Hong Kong pursuant to which Obagi will supply products to Obagi Hong Kong for distribution and sale in the China Region.

In connection with the consummation of the Business Combination, we entered into the Investor Rights Agreement (together with the Transition Services Agreement, Intellectual Property License Agreement, and Supply Agreement, the "Obagi China Related Party Agreements").

Transition Services Agreement

Pursuant to the Transition Services Agreement, Obagi and certain of its affiliates will provide to Obagi Hong Kong and its affiliates certain transition services to enable Obagi Hong Kong to conduct Obagi-branded business as a going concern in the China Region. Obagi and certain of its affiliates will provide the transition services set forth under the Transition Services Agreement for up to twelve (12) months following the Closing Date, with an option for Obagi Hong Kong, in its sole discretion, to extend the service period for up to an additional twelve (12) months solely with respect to certain services relating to R&D. Obagi Hong Kong did not elect to extend the service period for such services and as a result the Transition Services Agreement was deemed to have expired in July 2023. Services were to be charged at the reasonable, fully-loaded costs of providing the services, once the value of the services provided exceeded a specified amount. Because the specified amount had not been exceeded, Obagi Hong Kong paid $0 in fees during the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period).

IP License Agreement

Under the IP License Agreement, Obagi will exclusively license intellectual property relating to the Obagi brand to Obagi Hong Kong with respect to the China Region, and Obagi will retain the rights to such intellectual property to conduct the Obagi-branded business worldwide except for the China Region. The license from Obagi to Obagi Hong Kong will include future intellectual property of Obagi relating to the Obagi brand in the worldwide business, including, but not limited to: (i) trademarks; (ii) domain names; (iii) patents; (iv) trade secrets and know-how; (v) copyrights; and (vi) product specifications and formulas.

The license will be perpetual, irrevocable, non-transferable and sublicensable, subject to: (x) a limited right of Obagi to terminate for an uncured material breach by Obagi Hong Kong that materially and adversely affects Obagi or the Obagi brand, in which case Obagi will purchase Obagi Hong Kong at a discount to fair market value based on an independent valuation procedure; (y) the right of either party to transfer the Intellectual Property License Agreement without consent of the other party to an affiliate or to a successor in interest in connection with any merger, business combination or other change of control transaction, or sale of a product or service line; and (z) a right of Obagi Hong Kong to sublicense to affiliates, Approved CMOs (as defined in the Supply Agreement) and other approved third parties. Upon the termination of the Intellectual Property License Agreement, at the written request of, Obagi Hong Kong shall promptly cease, and shall cause its sublicensees to promptly cease, all use of the Licensed IP Rights (as defined in the Intellectual Property License Agreement), subject to a non-exclusive right to use the Licensed IP Rights for a period of up to nine complete calendar months following the effective date of termination, in a manner consistent with past practice and in compliance with the terms and conditions of this Agreement, to sell off all inventory of China Products (as defined in the Intellectual Property License Agreement) to consumers in the China Region (and subject to the terms relating to royalties in the Intellectual Property License Agreement).

Pursuant to the terms of the IP License Agreement, Obagi Hong Kong is obligated to pay Obagi a royalty of five and a half percent (5.5%) of gross sales of licensed products, subject to certain deductions. Obagi Hong Kong paid royalty fees of $0.3 million and $0.2 million during the year ended December 31, 2023 (Successor Period) and during the period from July 28, 2022 to December 31, 2022 (Successor Period), respectively.

Obagi Supply Agreement

Pursuant to the Obagi Supply Agreement, Obagi will supply, or cause to be supplied through certain CMOs, products to Obagi Hong Kong and its affiliates, and Obagi Hong Kong may purchase such products for distribution and sale in the China Region. The term of the Obagi Supply Agreement is perpetual, subject to termination for uncured material breach or termination in the event that the Intellectual Property License Agreement is terminated.

Investor Rights Agreement

Pursuant to the Investor Rights Agreement, Cedarwalk has the right to nominate one director for election or appointment to the Board for so long as Cedarwalk owns 5% of the then-outstanding common stock of Waldencast, and

such appointee is initially Simon Dai, who serves as a director of Obagi, Obagi Holdco and Obagi Hong Kong. Upon such termination of the Supply Agreement:

- Obagi Hong Kong shall promptly refrain from using the Product Information File, the Specifications and the Confidential Information of Obagi (each as defined in the Supply Agreement);
- Obagi Hong Kong shall return to Obagi all documents relating to the Product Information File, Specifications and Confidential Information of Obagi Cosmeceuticals. The relevant costs shall be borne by the party who is responsible for the termination or the non-renewal of the Supply Agreement; and
- Unless the Supply Agreement is terminated by Obagi Hong Kong due to Obagi's breach of its obligations related to the quality of the products, Obagi Cosmeceuticals shall complete the manufacturing of all products covered by firm orders and deliver them to the applicable recipient.

The foregoing description of the Investor Rights Agreement 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 as Exhibit 4.10 to this Report and the terms of which are incorporated by reference herein.

Milk

Milk subleases from Milk Studios Los Angeles LLC certain space in Los Angeles, CA on a month-to-month basis. Milk primarily uses these facilities for corporate offices and as an in-house studio. Milk also receives certain services from an employee of Milk Studios. During the year ended December 31, 2023 (Successor Period), the Company incurred administrative fees of $0.3 million in connection with the sublease and services, which is recorded in SG&A expenses in consolidated statements of operations and comprehensive loss. During the period from July 28 to December 31, 2022 (Successor Period), the Company incurred administrative fees of $0.1 million, which is recorded in SG&A expenses in consolidated statements of operations and comprehensive loss.

One of the co-founders of Milk Makeup and a shareholder of the Company, is party to an influencer agreement with Milk Makeup pursuant to which she provides certain brand services to Milk Makeup. Milk Makeup incurred $0.1 million in fees pursuant to this agreement during the year-ended December 31, 2023 (Successor Period).

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

Waldencast plc
Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Waldencast plc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Waldencast plc and subsidiaries (the "Company") as of December 31, 2023 (Successor) and December 31, 2022 (Successor), the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows, for the year ended December 31, 2023 (Successor), period from July 28, 2022 to December 31, 2022 (Successor), January 1, 2022 to July 27, 2022 (Predecessor), and the year ended December 31, 2021 (Predecessor), and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 (Successor) and December 31, 2022 (Successor) and the results of its operations and its cash flows for the year ended December 31, 2023 (Successor), periods from July 28, 2022 through December 31, 2022 (Successor), January 1, 2022 through July 27, 2022 (Predecessor), and for the year ended December 31, 2021 (Predecessor) in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Costa Mesa, California
April 30, 2024

We have served as the Company's auditor since 2018.

WALDENCAST PLC
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data)

	December 31, 2023	December 31, 2022
	Successor (Waldencast)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 21,089	$ 8,693
Restricted cash	1,487	1,470
Accounts receivable, net	21,330	19,259
Related party accounts receivable (Note 16)	1,101	285
Inventories	55,684	54,384
Prepaid expenses	5,277	6,273
Other current assets	1,359	679
Total current assets	107,327	91,043
Property and equipment, net	5,931	8,328
Intangible assets, net	582,863	639,165
Goodwill	334,620	334,620
Right-of-use asset, net	11,589	16,384
Other non-current assets	380	535
TOTAL ASSETS	$ 1,042,710	$ 1,090,075
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 28,069	$ 23,873
Related party accounts payable (Note 16)	18	373
Current portion of lease liabilities	2,400	2,041
Current portion of long-term debt	8,529	20,095
Other current liabilities (including related party liability of $5,856 and $9,914 as of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period), respectively)	23,698	26,123
Total current liabilities	**62,714**	**72,505**
Long-term debt, net	151,264	159,229
Derivative warrant liabilities	28,647	18,311
Long-term lease liabilities	15,531	17,882
Deferred income tax liabilities	15,229	22,250
Other non-current liabilities	52	—
TOTAL LIABILITIES	273,437	290,177
COMMITMENTS AND CONTINGENCIES (NOTE 17)		
SHAREHOLDERS' EQUITY:		
Successor preferred shares, 25,000,000 shares authorized, $0.0001 par value, none issued and outstanding	—	—
Successor Class A ordinary shares, $0.0001 par value, 1,000,000,000 shares authorized; and 101,228,857 and 86,460,560 outstanding as of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period), respectively	9	8
Successor Class B ordinary shares, $0.0001 par value, 100,000,000 shares authorized; and 20,847,553 and 21,104,225 outstanding as of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period), respectively	2	2
Additional paid-in capital	871,527	796,038
Retained earnings	(246,761)	(156,780)
Accumulated other comprehensive income (loss)	(151)	(29)
TOTAL CONTROLLING SHAREHOLDERS' EQUITY	624,626	639,239
Noncontrolling interest	144,647	160,659
TOTAL SHAREHOLDERS' EQUITY	769,273	799,898
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,042,710	$ 1,090,075

See accompanying notes to consolidated financial statements.

WALDENCAST PLC
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands of U.S. dollars, except share and per share data)

See accompanying notes to consolidated financial statements.

	Year ended December 31, 2023	Period from July 28, 2022 to December 31, 2022	Period from January 1, 2022 to July 27, 2022	Year ended December 31, 2021
	Successor (Waldencast)		Predecessor (Obagi)	
Net revenue (including related party net revenue of $5,965 and $17,219 in the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period), respectively)	**$ 218,138**	**$ 92,373**	**$ 73,760**	**$ 142,472**
Cost of goods sold (including related party costs of $1,662 and $5,128 in the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period), respectively)	76,561	60,657	30,868	55,037
Gross profit	**141,577**	**31,716**	**42,892**	**87,435**
Selling, general and administrative	220,313	88,926	55,549	82,968
Research and development	3,195	1,796	2,606	6,092
Loss on impairment of goodwill	—	68,715	—	—
Total operating expenses	**223,508**	**159,437**	**58,155**	**89,060**
Operating loss	**(81,931)**	**(127,721)**	**(15,263)**	**(1,625)**
Interest expense, net	18,906	6,230	6,652	11,118
Change in fair value of derivative warrant liabilities (Note 9)	10,337	(6,793)	—	—
Loss on extinguishment of debt (Note 9)	—	—	—	2,317
Gain on PPP Loan forgiveness (Note 7)	—	—	—	(6,824)
Loss on note receivable forgiveness	—	—	—	2,555
Other expense (income), net	1,769	(798)	(971)	(817)
Total other expenses (income), net	**31,012**	**(1,361)**	**5,681**	**8,349**
Loss before income taxes	**(112,943)**	**(126,360)**	**(20,944)**	**(9,974)**
Income tax (benefit) expense	(6,975)	(5,803)	113	9,602
Net loss	**(105,968)**	**(120,557)**	**(21,057)**	**(19,576)**
Net loss attributable to noncontrolling interests	(15,987)	(24,990)	—	—
Net loss attributable to Class A shareholders	**$ (89,981)**	**$ (95,567)**	**$ (21,057)**	**$ (19,576)**
Net loss per share attributable to Class A shareholders (Note 14):				
Basic and Diluted	$ (0.99)	$ (1.11)	$ (2.63)	$ (2.45)
Shares used in computing net loss per share (Note 14):				
Basic and Diluted	91,158,500	86,460,560	8,000,002	8,000,002
Net loss	**$ (105,968)**	**$ (120,557)**	**$ (21,057)**	**$ (19,576)**
Other comprehensive (loss) income — foreign currency translation adjustments, net of tax	(147)	(36)	96	(32)
Comprehensive loss	**(106,115)**	**(120,593)**	**(20,961)**	**(19,608)**
Comprehensive loss attributable to noncontrolling interests	(16,012)	(24,997)	—	—
Comprehensive loss attributable to Class A shareholders	**$ (90,103)**	**$ (95,596)**	**$ (20,961)**	**$ (19,608)**

See accompanying notes to consolidated financial statements.

WALDENCAST PLC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands of U.S. dollars, except share data)

	Shareholders' Equity Waldencast plc							
	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Shareholders' Equity
Successor	**Shares**	**Amount**	**Shares**	**Amount**					
BALANCE—July 28, 2022	**8,645,000**	**$ 1**	**—**	**$ —**	**$ 174**	**$ (61,213)**	**$ —**	**$ —**	**$ (61,038)**
Issuance of Class A ordinary shares upon release of Trust proceeds	4,478,054	—	—	—	44,882	—	—	—	44,882
Issuance of common shares in connection with the FPA investment	33,300,000	3	—	—	332,997	—	—	—	333,000
Issuance of common shares in connection with the PIPE investment	11,800,000	1	—	—	117,999	—	—	—	118,000
Issuance of common shares in connection with the Obagi and Milk Business Combination	28,237,506	3	21,104,225	2	292,250	—	—	185,656	477,911
Net loss	—	—	—	—	—	(95,567)	—	(24,990)	(120,557)
Stock-based compensation	—	—	—	—	7,736	—	—	—	7,736
Foreign currency translation adjustment	—	—	—	—	—	—	(29)	(7)	(36)
BALANCE—December 31, 2022	**86,460,560**	**$ 8**	**21,104,225**	**$ 2**	**$ 796,038**	**$ (156,780)**	**$ (29)**	**$ 160,659**	**$ 799,898**
Issuance of common shares in connection with the PIPE investment	14,000,000	1	—	—	69,999	—	—	—	70,000
Fees paid in connection with the PIPE	—	—	—	—	(1,068)	—	—	—	(1,068)
Class B to Class A shares	256,672	—	(256,672)	—	—	—	—	—	—
Net loss	—	—	—	—	—	(89,981)	—	(15,987)	(105,968)
Stock-based compensation	511,625	—	—	—	9,235	—	—	—	9,235
RSU taxes paid on behalf of employees	—	—	—	—	(1,473)	—	—	—	(1,473)
Distribution to pay withholding taxes	—	—	—	—	(1,204)	—	—	—	(1,204)
Foreign currency translation adjustment	—	—	—	—	—	—	(122)	(25)	(147)
BALANCE—December 31, 2023	**101,228,857**	**$ 9**	**20,847,553**	**$ 2**	**$ 871,527**	**$ (246,761)**	**$ (151)**	**$ 144,647**	**$ 769,273**

	Shareholders' Equity Obagi Global Holdings Limited				
Predecessor					
BALANCE—January 1, 2021	**8,000,002**	**4,000**	**100,113**	**(43,273)**	**7**	**60,847**
Net loss	—	—	—	(19,576)	—	(19,576)
Foreign currency translation adjustment	—	—	—	—	(32)	(32)
Dividends paid ($0.25 per share)	—	—	—	(2,000)	—	(2,000)
BALANCE—December 31, 2021	**8,000,002**	**4,000**	**100,113**	**(64,849)**	**(25)**	**39,239**
Net loss	—	—	—	(21,057)	—	(21,057)
Foreign currency translation adjustment	—	—	—	—	96	96
Distribution of Obagi China Business	—	—	(13,113)	(188)	(71)	(13,372)
BALANCE—July 27, 2022	**8,000,002**	**$ 4,000**	**$ 87,000**	**$ (86,094)**	**$ —**	**$ 4,906**

See accompanying notes to consolidated financial statements.

WALDENCAST PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

	Year ended December 31, 2023	Period from July 28 to December 31, 2022	Period from January 1 to July 27, 2022	Year ended December 31, 2021
	Successor (Waldencast)		Predecessor (Obagi)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$ (105,968)	$ (120,557)	$ (21,057)	$ (19,576)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Stock-based compensation	9,235	7,736	—	—
Depreciation and amortization	60,498	26,982	8,190	13,904
Non-cash lease expense	1,721	740	—	—
Change in fair value of derivative warrant liabilities	10,337	(6,793)	—	—
Non-cash loss from change in fair value on interest rate collar	106	592	—	—
Loss on extinguishment of debt	—	—	—	2,317
Gain on PPP loan forgiveness	—	—	—	(6,824)
Amortization of debt issuance costs	1,575	677	767	1,139
Amortization of related party liability	(4,058)	(12,186)	—	—
Deferred income taxes	(7,021)	(5,823)	90	9,374
Loss on impairment of goodwill	—	68,715	—	—
Loss on impairment of right of use assets	3,643	—	—	
Loss (gain) on disposal of equipment	62	(2)	35	52
Loss on write-off of loan receivable	—	—	—	2,555
Changes in operating assets and liabilities, net of impact of business combinations:				
Accounts receivable	(2,071)	(204)	3,524	(5,057)
Related party accounts receivable	(816)	265	—	—
Inventories	(1,300)	6,382	(13,008)	(6,010)
Prepaid expenses	996	(213)	658	(1,097)
Other current assets and other assets	138	(250)	(352)	612
Accounts payable	4,382	(1,021)	9,635	9,647
Related party accounts payable	(354)	43	—	—
Operating lease liabilities	(2,560)	(724)	—	—
Other current liabilities and other liabilities	1,680	(39,336)	1,481	2,493
Net cash (used in) provided by operating activities	**(29,775)**	**(74,977)**	**(10,037)**	**3,529**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditure on intangible assets	(455)	(247)	(248)	(863)
Capital expenditure on property and equipment	(1,591)	(1,340)	(661)	(424)
Advances for note receivable	—	—	—	(2,500)
Proceeds from trust account	—	44,883	—	—
Acquisition of Obagi Business Combinations, net of cash acquired	—	(465,010)	—	—
Acquisition of Milk Business Combinations, net of cash acquired	—	(122,653)	—	—
Cash received for interest rate collar premium	52	—	—	—
Net cash used in investing activities	**(1,994)**	**(544,367)**	**(909)**	**(3,787)**
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from PIPE investments	70,000	118,000	—	—
Payment of PIPE transaction costs	(1,068)	—	—	—
Proceeds from FPA investments	—	333,000	—	—
Proceeds from term loan	—	175,000	—	110,000

See accompanying notes to consolidated financial statements.

Repayment of term loan	(8,777)	(4,348)	(1,375)	(72,455)
Proceeds from revolving credit facility	35,000	14,117	6,000	20,000
Repayment of revolving credit facility	(49,117)	—	—	(44,000)
Proceeds from note payable	2,420	—	—	—
Repayment of note payable	(1,452)	—	—	—
Payment of debt issuance costs	—	(6,304)	(742)	(6,383)
RSU taxes paid on behalf of employees	(1,473)	—	—	—
Distribution to pay withholding taxes	(1,204)	—	—	—
Payment of dividends	—	—	—	(2,000)
Net cash provided by financing activities	**44,329**	**629,465**	**3,883**	**5,162**
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**12,560**	**10,121**	**(7,063)**	**4,904**
Effect of foreign exchange rates on cash and cash equivalents	(147)	(36)	96	(32)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	**10,163**	**78**	**13,444**	**8,572**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	**$ 22,576**	**$ 10,163**	**$ 6,477**	**$ 13,444**
SUPPLEMENTAL CASH FLOW DATA – CASH PAID:				
Income taxes	$ —	$ 152	$ 3	$ —
Interest	17,331	5,550	5,053	10,014
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Capital expenditures in accounts payable and accruals	$ 318	$ 406	$ 43	$ 86
Obagi China Distribution to shareholder	—	—	13,113	—
Issuance of ordinary shares for Obagi Business Combinations	—	277,824	—	—
Issuance of ordinary shares for Milk Business Combinations	—	200,087	—	—
Conversion of promissory note to warrants	—	650	—	—

See accompanying notes to consolidated financial statements.

Waldencast plc
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In U.S. dollars, except share and per share data)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Successor

Waldencast plc ("Waldencast"), formerly known as Waldencast Acquisition Corp., is a Jersey company. Waldencast was originally incorporated on December 8, 2020 as a Cayman Islands exempted company and a blank check company solely for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses. On March 18, 2021, Waldencast consummated an initial public offering of 34,500,000 units (the "IPO"), with each unit consisting of one Class A ordinary share and one-third of one redeemable warrant ("Public Warrant") to acquire one Class A ordinary share (together, a "Unit"), at $10.00 per Unit.

In connection with the Business Combination (as defined below), on July 26, 2022, with the approval of Waldencast's shareholders, and in accordance with the Cayman Companies Act (the "Cayman Act"), the Companies (Jersey) Law 1991, as amended (the "Jersey Companies Law") and Waldencast's amended and restated memorandum and articles of association, Waldencast effected a deregistration under the Cayman Act and a domestication under Part 18C of the Jersey Companies Law (by means of filing a memorandum and articles of association with the Registrar of Companies in Jersey), pursuant to which Waldencast's jurisdiction of incorporation was changed from the Cayman Islands to Jersey (the "Domestication"). Upon the effective time of the Domestication, Waldencast Acquisition Corp. was renamed Waldencast plc.

On July 27, 2022 (the "Closing Date"), Waldencast acquired Obagi Global Holdings Limited, a Cayman Islands exempted company, and its subsidiaries (collectively, "Obagi") and Milk Makeup LLC, a Delaware limited liability company, and its subsidiaries (collectively "Milk") (the "Business Combination"), as described below in "Note 3. Business Combinations." Following the Business Combination, the Company (as defined below) conducts its business through the following reportable segments: (i) Obagi Skincare and (ii) Milk Makeup.

Obagi is a global skincare company that develops, markets, and sells proprietary-topical aesthetic and therapeutic prescription-strength skincare systems and related products primarily in the physician-dispensed market. Obagi provides cosmetic, over-the-counter ("OTC") and prescription products.

Milk Makeup develops and sells cosmetic, skin care and other beauty products. The brand creates vegan, cruelty-free, clean formulas from its Milk headquarters in downtown New York City. Milk's products are offered through its U.S. website, www.milkmakeup.com, and its retail partners including Sephora in North America, Europe, the Middle East, Australia, Cult Beauty, and ASOS online.

As a result of the Business Combination, Waldencast is organized as an "Up-C" structure, whereby the equity interests of Obagi and Milk are held by Waldencast Partners LP ("Waldencast Partners LP"), a Cayman Islands exempted limited partnership and indirect subsidiary of Waldencast, which is an entity that is classified as a partnership for U.S. federal income tax purposes.

Predecessor

Obagi Global Holdings Limited is a holding company incorporated in the Cayman Islands that conducts all operations through its wholly-owned subsidiaries. Obagi is a global skincare company that develops, markets, and sells proprietary-topical aesthetic and therapeutic prescription-strength skincare systems and related products primarily in the physician-dispensed market. Obagi provides cosmetic, OTC and prescription products.

On July 15, 2021, ZhongHua Finance Acquisition Fund I, L.P. ("ZhongHua"), Obagi's sole shareholder, transferred its 4,000,000 ordinary shares to its affiliate, Cedarwalk Skincare Ltd. ("Cedarwalk"), which became the new sole shareholder of Obagi. This transfer between affiliates did not result in any change of control.

Immediately prior to the closing of the Business Combination, Obagi carved out and distributed all of the outstanding shares of its subsidiary, Obagi Hong Kong Limited ("Obagi Hong Kong" or "Obagi HK") to its shareholder, Cedarwalk (the "Obagi China Distribution"). All sales of Obagi products in the People's Republic of China, inclusive of the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan (the "China Region") prior to the Business Combination had been conducted through Obagi Hong Kong and its subsidiaries (the "Obagi China Business"), which were not acquired by Waldencast in the Business Combination.

Basis of Presentation

Waldencast has prepared the accompanying consolidated financial statements pursuant to generally accepted accounting principles in the United States ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC").

In accounting for the Business Combination, Waldencast was deemed to be the legal and the accounting acquirer (referred to as the "Successor"), however, Obagi was deemed to be the predecessor entity for financial reporting purposes (referred to as the "Predecessor"). Under the acquisition method of accounting, Waldencast's assets and liabilities retained their carrying values and the assets and liabilities associated with Obagi and Milk were recorded at their fair values measured as of the acquisition date, which created a new basis of accounting.

This change in accounting basis is represented in the accompanying consolidated financial statements by a black line, which appears between the columns entitled Successor and Predecessor in the financial statements and in the relevant accompanying notes. The black line signifies that the consolidated financial statements presented for the Company after the Closing Date (the "Successor Period") are presented on a measurement basis different from those for the period prior to the Closing Date (the "Predecessor Periods"). As a result of the application of the acquisition method of accounting as of the Closing Date, the financial statements for the Predecessor Periods (which only includes Obagi, including the Obagi China Business, through July 27, 2022) and for the Successor Period (which includes Waldencast and its subsidiaries from July 28, 2022 to December 31, 2022) and the year ended December 31, 2023 (Successor Period) are presented on a different basis of accounting and are, therefore, not comparable.

Unless the context requires otherwise, the "Company" refers to Obagi for periods prior to the Business Combination and to Waldencast together with its consolidated subsidiaries, as the Successor for periods after the Business Combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of Waldencast and its consolidated subsidiaries. The Company consolidates entities in which the Company has a majority voting interest. The Company eliminates intercompany transactions and accounts in consolidation. The Company separately presents within equity on the consolidated balance sheets the ownership interests attributable to parties with noncontrolling interests in the Company's consolidated subsidiaries, and separately presents net income attributable to such parties on the consolidated statements of operations and comprehensive loss.

Emerging Growth Company—Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a registration statement declared effective under the Securities Act of 1933, as amended (the "Securities Act"), or do not have a class of securities registered under the Exchange Act of 1934, as amended) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that an emerging growth company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period, which means that when a standard is issued or revised, and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

This may make comparison of the Company's consolidated financial statements with another public company that is neither an emerging growth company nor an emerging growth company that has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates—The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates and assumptions reflected in the financial statements include, but are not limited to, revenue recognition, fair value of assets acquired and liabilities assumed in business combinations, stock-based compensation, goodwill valuation, inventory valuation, and valuation allowance for deferred tax assets. The Company bases its estimates on historical experience and assumptions that it believes are reasonable at the time. Due to the inherent uncertainty involved in making assumptions and estimates, changes in circumstances could result in actual results differing from those estimates, and such differences could be material to the Company's consolidated balance sheets and consolidated statements of operations and comprehensive loss.

Concentrations of Credit Risk—Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash balances in accounts held by major banks and financial institutions located primarily in the U.S. and considers such risk to be minimal. Such bank deposits from time to time may be exposed to credit risk in excess of the Federal Deposit Insurance Corporation insurance limit.

The Company's accounts receivable primarily represent amounts due from distributors, and third-party logistics companies, directly and indirectly from major retailers, and from group purchasing organizations located both inside and outside the U.S. The Company mitigates its credit risks by performing ongoing credit evaluations of its customers' financial conditions, requiring customer advance payments in certain circumstances. The Company generally does not require collateral.

As of December 31, 2023 (Successor Period), one U.S. customer accounted for 27% of accounts receivable. As of December 31, 2022 (Successor Period), two U.S. customers accounted for 50% and 19% of accounts receivable, respectively.

During the year ended December 31, 2023 (Successor Period), one vendor exceeded 10% of inventory purchases. During the period from July 28, 2022 to December 31, 2022 (Successor Period), one vendor exceeded 10% of inventory purchases. During the period from January 1, 2022 to July 27, 2022 (Predecessor Period), three vendors exceeded 10% of inventory purchases. During the year ended December 31, 2023 (Successor Period), the Company purchased approximately 17% of inventory from one vendor. During the period from July 28, 2022 to December 31, 2022 (Successor Period), the Company purchased approximately 27% of inventory from one vendor. During the period from January 1, 2022 to July 27, 2022 (Predecessor Period), the Company purchased approximately 23%, 12%, and 12% of inventory, respectively, from three vendors.

As of December 31, 2023 (Successor Period), one vendor accounted for 18% of accounts payable. As of December 31, 2022 (Successor Period), two vendors accounted for 15% and 12%, respectively, of accounts payable.

Cash and Cash Equivalents—The Company considers highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Restricted Cash—The Company's restricted cash represents funds that were not accessible for general purpose cash needs due to contractual limitations. As of December 31, 2023 (Successor Period), the Company's cash and cash equivalents, and restricted cash balance of $22.6 million shown on the consolidated statements of cash flows consisted of $21.1 million and $1.5 million, respectively. As of December 31, 2022 (Successor Period), the Company's cash and cash equivalents, and restricted cash balance of $10.2 million shown on the consolidated statements of cash flows consisted of $8.7 million and $1.5 million, respectively. The restricted cash balance represented cash in a savings account held by a major bank located in the U.S. and provides collateral for corporate credit cards obtained by the Predecessor for its employees. The Company is required to hold the restricted cash in the bank's savings account. Following the acquisition of Milk, the Company had an additional $0.8 million in restricted cash held with a financial institution as collateral for a lease deposit. The deposit is refundable at the end of the lease in November 2030, provided that Milk does not default on its lease payments.

Inventories—The Company's products are produced by third-party contract manufacturers ("CMOs). Inventories consist of finished goods, work-in-process products and promotional products, valued at the lower of cost or net realizable value using the standard cost method, which approximates actual costs determined on a first-in, first-out ("FIFO") basis. In order to track inventory quantities, the Company uses a perpetual inventory system. Promotional products are charged to cost of goods sold at the time the product is shipped to the Company's customer.

The Company has in-transit inventory at any given period. Assessment of in-transit inventory is required to determine inventory balances accurately at period-end. Inventory is recognized when the Company holds title and bears substantially all of the risks and rewards of ownership. In many transactions, the transfer of title and the risks and rewards of ownership are dictated by contractually specified shipping terms, which may take the form of free-on-board ("FOB") shipping point or FOB destination point.

If historical costs exceed the net realizable value at the balance sheet date, the Company adjusts the inventory to net realizable value (i.e., if impairment is identified, the Company records write-downs of inventories to cost of goods sold in the period in which it occurs). The Company evaluates the carrying value of inventories on a regular basis and determines the need to write down carrying values by considering historical and anticipated future sales compared with quantities on hand, the price the Company expects to obtain for products in their respective markets compared with historical cost, and the remaining shelf life of goods on hand.

Obsolete, Scrap and Expired Inventory

The inventory provision is set up for inventory that is expected to become obsolete or have a decreased value due to market trends or product upgrades. It accounts for losses that may occur when the inventory cannot be sold at its full cost. The Company regularly monitors any inventory that is not expected to be sold prior to the expiration date and historically slow-moving inventory based on the remaining shelf life and incorporates these considerations into its reserve analysis. Additionally, each period, Management will evaluate whether any additional write downs are required in addition to the calculated reserve amount (generally, by stock keeping unit ("SKU") and/or lot). Specific reserves may relate to known matters, such as quality concerns or a discontinued product.

Sales Returns

Historically, the Company has not experienced a material amount of product returns.

Certain arrangements may give the Company's customers the right to return products. In addition, when customer arrangements do not give the Company's customer the explicit right to return products, the Company may accept returns on a discretionary basis. The Company records a return asset for products returned by customers measured at the former carrying amount of the inventory, less any expected costs to recover the goods and potential decreases in value. If the returned inventory is not considered re-sellable, it will be written off to cost of goods sold. When customers have the right to receive a refund for defective or damaged products (as opposed to a replacement product), the right is accounted for as a right of return under ASC 606. When customers have the right to receive a replacement product for defective or damaged products, the right is accounted for as a warranty under ASC 460-10, *Guarantees* and the Company accrues for replacement costs.

Derivatives —The Company accounts for derivative instruments in accordance with ASC 815, *Derivatives and Hedging* ("ASC 815"), which requires additional disclosures about the Company's objectives and strategies for using derivative instruments, how the derivative instruments and related hedged items are accounted for, and how the derivative instruments and related hedging items affect the consolidated financial statements.

The Company uses interest rate collars to mitigate interest risk associated with its variable rate credit agreements. See "Note 9. Financial Instruments" for further discussion of the interest rate collar.

Terms of debt instruments are reviewed to determine whether they contain embedded derivative instruments that are required to be accounted for separately from the host contract and recorded on the consolidated balance sheets at fair value under ASC 815. An evaluation of specifically identified conditions is made to determine whether the fair value of warrants issued is required to be classified as equity or as a derivative liability. The fair value of derivative liabilities, if any, is required to be revalued at each reporting date, with corresponding changes in fair value recorded in current period operating results.

Warrant Liabilities

The Company accounts for Public Warrants and Private Placement Warrants (each as defined below) as liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in Financial Accounting Standards Board ("FASB") ASC Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480") and ASC 815. Specifically, the Public and Private Placement Warrants meet the definition of a derivative but do not

qualify for an exception from derivative accounting since the warrants are not indexed to the Company's stock and, therefore, are precluded from equity classification. Since the Public and Private Placement Warrants meet the definition of a derivative under ASC 815, the Company measures the warrants at fair value at inception and at each reporting date, with changes in fair value recognized in change in fair value of derivative warrant liabilities in the consolidated statements of operations and comprehensive loss in the period of change. See "Note 9. Financial Instruments" for further discussion of the warrants, including the FPA Warrants (as defined below).

Fair Value Measurement—The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The fair values of the interest rate collar and warrant liabilities were estimated using inputs based on management's judgment and conditions that existed at each reporting date. See "Note 10. *Fair Value Measurements*" for further details.

The fair values of the Company's cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and all other current liabilities approximate their carrying values because of the short maturities of these instruments. Additionally, the carrying amount of debt approximates fair value due to the adjusting interest rates of the Company's term loan, which approximate current market rates.

Capitalized Software and Website Development Costs— The Company capitalizes costs related to (i) internal-use software (ii) cloud computing arrangement ("CCA") implementation costs, and (iii) other software-related costs (e.g., website development costs).

For internal-use software, both internal and external costs incurred during the preliminary project stage are expensed as incurred, and qualifying costs incurred during the application development state are capitalized. Capitalization ceases no later than the point at which a software project is substantially completed and ready for its intended use.

For CCAs, or hosting arrangements, the Company evaluates if the CCA includes a software license that will be accounted for in addition to a hosting service. The cost of the arrangement (i.e., license or service cost) of a CCA that includes a software license will be capitalized as an acquisition of an asset (similar to internal-use software) and amortized over its useful economic life, whereas the costs of a service contract are expensed as incurred.

Costs related to website development are expensed as incurred during the planning stage, content development stage, and operating stage. The Company generally capitalizes costs incurred for activities during the website application and infrastructure development stage, and graphics development stage. Costs incurred for website hosting services from a third-party vendor are expensed over the period the services are received.

Internal-use software costs and website development costs are amortized on a straight-line basis over their estimated useful lives, which is generally three years or less. Management evaluates the useful lives of these assets and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

Prepaid Expenses— At initial recognition, the Company measures prepaid assets based on cost (i.e., amount paid). In the accounting period or periods in which a good or service is used or received, the asset will be reduced by a proportionate amount and an associated asset (e.g., inventory) or expense (e.g., marketing) will be recorded.

Prepaid Inventory

Prepayments are required to begin production of inventory at certain of the Company's CMOs and inventory suppliers. Vendors are tracked to determine prepayments that have been made and when the associated inventory is expected to be delivered to the Company (i.e., when the Company takes ownership of the inventory). Prepaid inventory is triggered by invoices received from CMOs (i.e., the vendor). When the Company submits purchase orders, the CMOs may request a prepayment amount (deposit) based on agreed-upon percentage in the vendor contracts to start the production process.

Prepaid Marketing and Advertising

The Company generally expenses the costs of advertising and marketing as costs are incurred, except for costs associated with producing advertising. While production costs (i.e., costs to develop promotions for a specific campaign associated with an identified new brand or new product) are incurred during the process of production, the Company has elected to expense certain costs when the associated advertising takes place. In the event that the advertising is not expected to occur (e.g., decision has been made to not launch a promotion) or a 12-month period elapses without the associated advertising occurring, the associated production costs will be expensed.

Property and Equipment, Net— Property and equipment are stated at cost, net of accumulated depreciation. In the case of a business combination, acquired property and equipment are recognized at their fair value as of the date of acquisition. Following initial recognition, property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of respective assets. No depreciation is charged to construction in progress. The estimated useful lives of the Company's assets are as follows:

	ESTIMATED USEFUL LIVES
Computer hardware and software	3 years
Furniture and fixtures	3 - 5 years
Machinery and equipment	3 - 5 years
Gondolas	3 years
Leasehold improvements	Lesser of useful life or term of lease

Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the consolidated statements of operations and comprehensive loss.

Intangible Assets, Net—Intangible assets consist primarily of trademarks and trade names, a supply agreement, customer relationships, formulations, and developed technology. Intangible assets acquired in a business combination are recognized at their fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any, and are amortized on a straight-line basis over the estimated useful life of the asset.

Impairment of Long-Lived Assets—Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, for each asset group held for use with indicators of impairment, the Company compares the expected future cash flows generated by the asset group, which represents the lowest level at which cash flows are identifiable, with its associated net carrying value. If the net carrying value of the asset group exceeds expected undiscounted cash flows, the excess of the net book value over estimated fair value is charged to impairment loss.

Business Combinations — When the Company acquires a business, the total purchase consideration provided is allocated to the identifiable assets and liabilities of the acquired business at their estimated respective fair values. Any excess consideration of the fair value of purchase consideration over the fair values of assets acquired and liabilities assumed is recognized as goodwill.

Significant management judgments and assumptions are required in determining the fair value of assets acquired and liabilities assumed. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows, useful lives and discount rates. Measurement period adjustments are reflected at the time identified, up through the conclusion of the measurement period, which is the time at which all information for determination of the values of assets acquired and liabilities assumed is received, which may not exceed one year from

the acquisition date. The Company may record adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed, with a corresponding offset to goodwill. If outside of the measurement period, any subsequent adjustments are recorded in the Company's consolidated statements of operations and comprehensive loss.

Goodwill—Goodwill represents the difference between the purchase price and the fair value of assets and liabilities acquired in a business combination. The Company reviews goodwill for impairment annually on October 1st and at an interim date if events or changes in circumstances indicate the occurrence of a triggering event. The Company reviews goodwill for impairment by initially considering qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill, as a basis for determining whether it is necessary to perform a quantitative analysis. If it is determined that it is more likely than not that the fair value of reporting unit is less than its carrying amount, a quantitative analysis is performed to identify goodwill impairment. Determining the fair value of a reporting unit involves the use of significant estimates and assumptions.

Deferred Issuance Costs—The Company capitalizes costs related to the issuance of debt instruments, as applicable. Such costs are initially recorded as a direct deduction from the applicable debt instrument and amortized over the contractual term of the related debt instrument in interest expense, net using the straight-line method, which approximates the effective interest method, in the consolidated statements of operations and comprehensive loss.

Accounts Receivable, Net—Trade accounts receivable are stated at net realizable value. Receivables are unsecured and represent amounts billed to and currently due from customers that have yet to be collected. Payment terms are generally short-term in nature and are less than one year. In certain circumstances, the Company offers extended payment terms to customers. When the period between the transfer of control of the products and payment is greater than one year, the Company adjusts the promised amount of consideration for the effects of a significant financing component.

The Company maintains an allowance for doubtful accounts, which represents allowances for customer trade accounts receivable that are both probable and estimated to be partially or entirely uncollectible. These allowances are used to reduce gross trade receivables to their net realizable value. The Company records these allowances based on estimates related to the following factors: (i) customer-specific allowances, based upon past collection history, historical trends, and identification of specific customer risk and (ii) formula-based general allowances using an aging schedule. Determining such allowances involves the use of significant estimates and assumptions. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or to the customer's account, if unspecified, until an invoice can be determined by the customer. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

Revenue Recognition—The Company recognizes revenue when control of the promised goods or services is transferred to the customer, in an amount that reflects the consideration the Company expects to be entitled to for those goods or services. In that determination, under ASC 606 the Company follows a five-step model that includes: (1) determination of whether a contract or an agreement between two or more parties that creates legally enforceable rights and obligations exists; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when (or as) performance obligations are satisfied. Net revenue excludes taxes collected by us on behalf of governmental authorities.

Product Sales

The Company's revenue is primarily generated from product sales to distributors, retailers, physicians and directly to consumers ("DTC") via its e-commerce platforms. Distributors may resell products to retailers, physicians, or end consumers. To determine when to recognize revenue under ASC 606 in cases where products are sold to distributors, the Company analyzes various factors including its ability to direct products physically held by the distributors, when title and risk of loss transfers, and who ultimately manages the relationship with the end consumer. The Company does not recognize revenue until control of the products is transferred to the distributor.

At contract inception, and when facts and circumstances change, the Company assesses whether it is probable that the Company will collect substantially all of the consideration it will be entitled to from a customer. If the Company determines that it is not probable that the Company will collect substantially all of the consideration from the customer, the Company recognizes revenue only when one or more of the following events occur: (i) the Company has

no remaining obligations to transfer goods or services to the customer, and all, or substantially all, of the consideration promised by the customer has been received by the Company and is nonrefundable, (ii) the contract has been terminated, and the consideration received from the customer is nonrefundable, or (iii) the Company has transferred control of the goods or services to which the consideration that has been received relates, the Company has stopped transferring goods or services to the customer (if applicable) and has no obligation under the contract to transfer additional goods or services, and the consideration received from the customer is nonrefundable.

The Company has determined that each of its products is distinct and represents a separate performance obligation. The transaction price is equal to the consideration the Company is entitled to – which could be either a distributor, retailer, physician, or e-commerce end consumer. When measuring revenue and determining the consideration the Company is entitled to as part of a contract with a customer, the Company takes into account the related elements of variable consideration. Product sales revenue is recognized net of provisions for estimated volume rebates and discounts, markdowns, margin adjustments, early-payment discounts and returns. The Company estimates variable consideration using the expected value method and adjusts the transaction price when control of the related product is transferred to the customer.

The Company's distributors charge fees for certain services rendered by the distributors, including packing and shipping, marketing and advertising the Company's products, monitoring product reviews, regulatory services, providing customer service, and generating data and analytical reports on product sales. Distributor fees for services are recognized as a reduction to revenue because the services provided are typically not distinct from the distributors' purchase of products.

Typically, customers are required to pay either in advance or between 30 and 90 days from delivery or invoicing. However, in certain circumstances, the Company offers extended payment terms to customers. When the period between the transfer of control of the products and payment is greater than one year, the Company adjusts the promised amount of consideration for the effects of a significant financing component. When contracts contain a significant financing component in which the Company is effectively financing the customer, a portion of the transaction price is recognized as other income.

The Company allocates the transaction price to each performance obligation based on its relative standalone selling price. Standalone selling price is the price at which the Company would sell a promised product separately to a customer. The Company typically has an observable standalone selling price for each of its products.

The Company has different contracted shipping terms with different customers that dictate the timing of payment, passage of legal title, transfer of physical possession, and assumption of the risks and rewards occur. For distributors, other than the Physician Channel Provider, and retailers, depending on the contract, the Company considers transfer of control to have occurred either once the delivery of the product has occurred or once the product has been picked up from the Company's designated warehouse/distribution center by the customer's shipping agent, unless the Company is responsible for shipping the goods, in which case transfer of control passes upon delivery to the customer. For DTC sales and sales to physicians through the Physician Channel Provider, control transfers upon shipment to the end consumer or physician.

Promotional Products

In situations where promotional products, such as samples and testers, are provided by the Company to its customers at the same time as a related saleable product, the cost of these promotional products are recognized as cost of sales at the same time as the revenue for the related product is recognized.

Royalties

The Company generates royalty revenue from products sold under the Obagi brand name in Japan and Hong Kong through license agreements with local operators. Under these agreements, the Company provides the local operators with a license of intellectual property and receives a royalty based upon a percentage of net sales of Obagi-branded products sold in Japan and Hong Kong. Because the license is the predominant item to which the sales-based royalty relates, the Company recognizes revenue for the sales-based royalty when the local operators make sales of the products.

Costs to Obtain a Contract with a Customer

The Company recognizes the incremental costs of obtaining a customer contract as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. The incremental costs to obtain contracts primarily relate to sales commission and sales-based bonuses. Total capitalizable costs to obtain a contract were immaterial during the periods presented.

Other

The Company's contracts do not typically give rise to material contract assets or contract liabilities because (i) payment is typically closely aligned with the timing of the Company's performance or (ii) the Company performs prior to customer payment, and the Company has an unconditional right to payment that represents an account receivable. Similarly, the Company does not recognize material revenue in reporting periods from performance obligations satisfied in previous periods. The Company applies the exemption in ASC 606-10-50-14(a) related to disclosure of the amount of transaction price allocated to unsatisfied performance obligations for royalty contracts. Because of the short-term nature of product sales contracts, the Company typically does not have other material amounts to disclose related to the transaction price allocated to unsatisfied performance obligations.

Cost of Goods Sold—Cost of goods sold consists of inventory and promotional product costs, including when inventory and promotional products are sold or written down, and product-related intangible asset amortization and depreciation expense.

Research and Development—R&D costs are expensed as incurred. Costs associated with R&D activities may include materials, equity and facility costs, personnel costs, contracted services (i.e., the costs of services performed by third parties in connection with the Company's R&D activities), and direct costs (e.g., appropriate allocations for general and administrative costs). Substantially all R&D expenses are related to new product development and design improvements or increased functionality in current products.

The Company may capitalize acquired assets associated with R&D activities (e.g., materials, equipment) if both of the following criteria are met: (i) the Company reasonably expects that the acquired assets will be used in an alternative manner and anticipates an economic benefit from the alternative future use and (ii) the use of the acquired asset is not contingent on the further development of the asset after acquisition date (i.e., the asset can be used in an alternative manner in the condition in which it existed at the acquisition date).

Distribution—Costs related to shipping, handling, warehousing and distribution for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), were $6.6 million, $2.0 million, respectively. These costs include costs that are incurred in order to get the product from the distribution centers to the end consumer and are included within SG&A expense. The Company accounts for shipping and handling activities as fulfillment activities instead of as performance obligations and recognizes these costs as SG&A expenses. Amounts billed to customers for shipping and handling are included in revenue. In the Predecessor periods the Company only included shipping and handling costs in SG&A expense. The costs related to shipping and handling for the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period) were $0.6 million, and $1.0 million, respectively.

Advertising—Advertising costs are expensed in the period in which they are incurred. Total advertising costs, included in SG&A expense on the consolidated statements of operations and comprehensive loss, were $16.3 million, $11.7 million, $6.8 million, and $9.2 million for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period), respectively.

Stock-Based Compensation—The Company measures the cost of share-based awards granted to eligible employees, directors, and consultants based on the grant-date fair value of the awards.

Replacement Options

On the Closing Date, in connection with the Business Combination, the Company assumed Obagi and Milk's legacy incentive award plans and outstanding unvested options granted under those plans ("Replacement Options"). Because the options were deemed in the money on the replacement date, a Hull-White lattice pricing model was used to

estimate their fair value to capture the optimal timing of exercise. This pricing model requires the use of assumptions including the volatility of the underlying stock, the fair value of the stock, dividend yield, risk-free rate, and exercise multiple.

Founder Awards

The Company estimated the fair value and derived service period of the stock options issued to founders ("Founder Awards") in August 2022 based on the Monte Carlo simulation, as they were deemed out of the money on the grant date. The Monte Carlo simulation model requires the use of assumptions including the option's expected term, the volatility of the underlying stock, dividend yield rate, risk-free rate, and expected exercise behavior. For expected exercise behavior, the Company assumes that the options are exercised after 50% of the period between the later of the vest date and exercise price achievement date and the end of the contractual term.

Restricted Stock

The fair value of restricted stock is equal to the price of the Company's ordinary shares on the grant date.

The Company has elected to recognize the effect of forfeitures in the period in which they occur. Share-based awards are classified as equity, unless the underlying shares are classified as liabilities or the Company is required to settle the awards by transferring cash or other assets.

The Company recognizes compensation expense for awards with service or performance conditions using the straight-line method over the requisite service period, which is generally the award's vesting period. Compensation expense for employee stock-based awards whose vesting is subject to the fulfillment of both a service condition and the occurrence of a performance condition is recognized on a graded-vesting basis at the time the achievement of the performance condition becomes probable.

Income Taxes—The Company accounts for income taxes using the asset and liability approach. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid.

The provision for income taxes represents income taxes paid or payable for the current period plus the change in deferred taxes during the period. Deferred taxes result from differences between the financial and tax basis of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. The assessment of whether a valuation allowance is required often requires significant judgment including the long-range forecasting of future taxable income and the evaluation of planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made. A valuation allowance of $19.8 million was recorded as of December 31, 2023 (Successor Period) and $7.9 million was recorded as of December 31, 2022 (Successor Period).

The Company accounts for a tax benefit from an uncertain position in the consolidated financial statements only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If the recognition threshold for the tax position is met, the Company records only the portion of the tax benefit that is greater than 50% likely to be realized. As of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period), the Company had no uncertain positions in the consolidated financial statements.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no amounts accrued for interest and penalties as of December 31, 2023 (Successor Period), December 31, 2022 (Successor Period), or December 31, 2021 (Predecessor Period).

Net Income (Loss) Per Share—Basic net income (loss) per share attributable to shareholders of ordinary shares is computed by dividing the Company's net income (loss) attributable to holders of ordinary shares by the weighted-average number of ordinary shares used in the income (loss) per share calculation during the period. Diluted net income (loss) per share attributable to holders of ordinary shares is computed by giving effect to all potentially dilutive securities. The net income (loss) per share that is not attributable to the Company is reflected in net income (loss) attributable to noncontrolling interests in the consolidated statements of operations and comprehensive loss.

Noncontrolling Interests—Noncontrolling interests represent the portion of Waldencast Partners LP that the Company controls and consolidates but does not own. The Company recognizes each noncontrolling holder's respective share of the estimated fair value of the net assets at the date of formation or acquisition. Noncontrolling interests are subsequently adjusted for the noncontrolling holder's share of additional contributions, distributions and their share of the net earnings or losses of each respective consolidated entity. The Company allocates net income or loss to noncontrolling interests based on the weighted average ownership interest during the period. The net income (loss) that is not attributable to the Company is reflected in net income (loss) attributable to noncontrolling interests in the consolidated statements of operations and comprehensive loss. The Company does not recognize a gain or loss on transactions with a consolidated entity in which it does not own 100% of the equity, but the Company reflects the difference in cash received or paid from the noncontrolling interests carrying amount as additional paid-in-capital.

Segments—An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses and about which separate financial information is regularly evaluated by the Company's chief operating decision maker ("CODM") in deciding how to allocate resources. Similar operating segments can be aggregated into a single operating segment if the businesses are similar. Management has determined that, following the Business Combination, the Successor has two operating and reportable segments: Obagi Skincare and Milk Makeup, reflecting the manner in which the CODM operates the Company. The Company's CODM is its Chief Executive Officer. The Predecessor had one operating and reportable segment.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-13, *Financial Statements—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU adds an impairment model known as current expected credit loss that is based on expected losses rather than incurred losses. It recognizes an allowance as an estimate of expected credit losses, which may result in more timely recognition of such losses. In 2019, the FASB issued ASU 2019-10, *Financial Instruments—Credit Losses* (Topic 326), which defers the effective date for entities in the "all other" category and public not-for-profit entities that have not yet issued their financial statements reflecting the adoption of credit losses. The amendments in this ASU were effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, and early adoption was permitted. This guidance was effective for the Company for the annual period beginning on January 1, 2023, and interim periods within the annual period beginning on January 1, 2023, with earlier adoption permitted. The adoption of this new standard did not have a material effect on the Company's consolidated financial statements.

Recently Issued Accounting Standards, Not Yet Adopted

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The guidance requires an acquirer to, at the date of acquisition, recognize and measure the acquired contract assets and contract liabilities acquired in the same manner that they were recognized and measured in the acquiree's financial statements before the acquisition. This guidance is effective for interim and annual periods beginning after December 15, 2023 for an EGC company, with early adoption permitted. The amendments in this update should be applied prospectively to business combinations occurring on or after the effective date. The Company is in the process of assessing the impact of this ASU on its future consolidated financial statements, but does not expect it to have a material impact.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*. The guidance expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly reviewed by the CODM and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The guidance also allows, in addition to the measure that is most consistent with U.S. GAAP, the disclosure of additional measures of segment profit or loss that are used by the CODM in assessing segment performance and deciding how to allocate resources. This guidance is effective for interim periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 with early adoption permitted. The amendments in this update should be applied retrospectively to all periods presented in the financial statements. The Company is in the process of assessing the impact of this ASU on its future consolidated financial statements but does not expect it to have a material impact.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which provides qualitative and quantitative updates to the rate reconciliation and income taxes paid

disclosures, among others, in order to enhance the transparency of income tax disclosures, including consistent categories and greater disaggregation of information in the rate reconciliation and disaggregation by jurisdiction of income taxes paid. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied prospectively however, retrospective application is also permitted. The Company is in the process of assessing the impact of this ASU on its future consolidated financial statements.

3. BUSINESS COMBINATIONS

On July 27, 2022, Waldencast consummated its initial business combination with (i) Obagi, pursuant to an Agreement and Plan of Merger dated November 15, 2021, by and among Waldencast, Obagi Merger Sub, Inc., a Cayman Islands exempted company limited by shares and an indirect wholly-owned subsidiary of Waldencast ("Merger Sub"), and Obagi (the "Obagi Merger Agreement"), and (ii), Milk, pursuant to an Equity Purchase Agreement dated November 15, 2021, by and among Waldencast, Obagi Holdco 1 Limited, a limited company incorporated under the laws of Jersey ("Holdco Purchaser") and a subsidiary of Waldencast, Waldencast Partners LP together with Holdco Purchaser, (the "Purchasers"), certain members of Milk (the "Milk Members"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as representative of the Milk Members (the "Equityholder Representative") (the "Milk Equity Purchase Agreement" and together with the Obagi Merger Agreement, the "Transaction Agreements").

Pursuant to the Obagi Merger Agreement, at the effective time of the Obagi Merger (the "Obagi Merger Effective Time") Merger Sub merged with and into Obagi (the "Obagi Merger") and the separate corporate existence of Merger Sub ceased, with Obagi surviving as an indirect subsidiary of the Company. At the Obagi Merger Effective Time, all outstanding ordinary shares of Obagi, $0.50 par value ("Obagi common shares") were canceled and exchanged for (i) 28,237,506 Class A ordinary shares of Waldencast and (ii) cash in the amount of $345.4 million.

Pursuant to the Milk Equity Purchase Agreement, at the effective time of the Milk Transaction (the "Milk Purchase Effective Time") the Purchasers acquired from the Milk Members all of their equity in Milk in exchange for (i) 21,104,225 limited partnership units in Waldencast Partners LP ("Waldencast LP Units") (ii) 21,104,225 Class B ordinary shares, which are non-economic voting shares of Waldencast and (iii) cash in the amount of $121.6 million (the "Milk Transaction"). Each Waldencast LP Unit and Class B ordinary share held by a Milk Member is redeemable at the option of the holder, and, if such option is exercised, exchangeable at the option of Waldencast into one Waldencast Class A ordinary share or cash, in accordance with the terms of the Amended and Restated Waldencast Partners LP Agreement. Upon consummation of the Business Combination Waldencast became organized in an "Up-C" structure, whereby the equity interests of Obagi and Milk are held by Waldencast Partners LP, which is an indirect subsidiary of Waldencast plc.

In the Business Combination, Waldencast was deemed to be the accounting acquirer and continues as the SEC registrant. Obagi and Milk were deemed to be the accounting acquirees, however Obagi is considered the predecessor entity for purposes of financial reporting. Waldencast was determined to be the accounting acquirer based on evaluation of the following factors:

- The owners of Waldencast have the largest voting interest in the combined company;
- The original owner of Waldencast, Waldencast Long-Term Capital LLC (the "Sponsor"), and its affiliates nominated the majority of the initial members who will serve on the board of directors of Waldencast (the former owner of Obagi nominated one director, and Milk nominated no directors); and
- Waldencast's existing management holds executive management roles for the post-combination company, whilst Obagi and Milk management team members report into the current Waldencast executive team.

Immediately prior to the Obagi Merger Effective Time, Obagi carved out and distributed the Obagi China Business to Cedarwalk pursuant to the Obagi China Distribution. Following the Obagi China Distribution, the Obagi China Business continues to be held by Cedarwalk, which also owned 24.5% of the fully diluted Waldencast plc Class A ordinary shares as of the Obagi Merger Effective Time. Prior to the Obagi China Distribution, the pre-tax losses for the Obagi China Business were $8.0 million and $3.7 million for the period from January 1 to July 27, 2022 (Predecessor Period) and the year ended December 31, 2021 (Predecessor Period).

See "Note 16. *Related Party Transactions"* for more information on ongoing transactions with the Obagi China Business following the close of the Obagi Merger.

Obagi and Milk Purchase Price Allocation:

(In thousands)	Obagi	Milk	Total
Total Purchase Price:			
Cash consideration	$ 345,398	$ 121,629	$ 467,027
Equity consideration	277,824	200,087	477,911
Cash repayment of debt	136,112	3,935	140,047
Related party liability	22,100	—	22,100
Total purchase consideration	**$ 781,434**	**$ 325,651**	**$ 1,107,085**
Fair value of assets acquired:			
Cash and cash equivalents	$ 15,850	$ 2,092	$ 17,942
Restricted cash	650	819	1,469
Account receivable, net	15,214	3,866	19,080
Related party receivable	327	199	526
Inventories	31,026	30,945	61,971
Prepaid expenses	4,307	520	4,827
Other current assets	359	—	359
Property and equipment	1,245	8,436	9,681
Intangible assets	505,300	157,500	662,800
Right-of-use assets	4,811	8,232	13,043
Other assets	227	—	227
Total identifiable assets acquired	**$ 579,316**	**$ 212,609**	**$ 791,925**
Liabilities assumed:			
Accounts payable and accrued expenses	18,699	6,442	25,141
Other current liabilities	12,912	5,483	18,395
Lease liabilities	6,461	10,105	16,566
Deferred income tax liabilities	28,073	—	28,073
Total liabilities assumed:	**$ 66,145**	**$ 22,030**	**$ 88,175**
Net assets acquired	**513,171**	**190,579**	**703,750**
Purchase consideration	**781,434**	**325,651**	**1,107,085**
Goodwill	**$ 268,263**	**$ 135,072**	**$ 403,335**

Goodwill recognized for these acquisitions is attributable to improving the product offerings, expanding into additional markets and the expected cash flows resulting from these efforts, and assembled workforce. Goodwill recognized is not expected to be deductible for local tax purposes. During the period from July 28, 2022 to December 31, 2022 (Successor Period), the Company recorded a non-cash impairment charge of $68.7 million within the Obagi Skincare reportable segment. See "Note 5. *Goodwill"* for additional details.

See "Note 18. *Segment Reporting"* for amounts related to revenue and earnings associated with Obagi Skincare and Milk Makeup subsequent to the acquisition date.

Related party liability

The Company recognized a liability with respect to a related party supply contract executed on the Closing Date between Obagi and Obagi Hong Kong. The fair value of the related party liability was determined using the present value of after-tax cash flows related to unfavorable discounts provided to the Obagi China Business included in the supply agreement. As of the Obagi Merger Effective Time, the Company recognized a related party liability of $22.1 million. During the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period), respectively, the Company amortized $4.1 and $12.2 million of the related party liability into the related party revenue recognized on the sale of products to the Obagi China Business. The Company had a remaining related party liability of $5.9 and $9.9 million, included in Other current liabilities, as of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period), respectively.

Intangible Assets

(In thousands)	Fair Value			Weighted-Average Useful Life
	Obagi	Milk	Total	
Trademarks and Trade Name	$ 414,000	$ 145,000	$ 559,000	14 years
Customer/distributor relationships	25,000	11,000	36,000	11 years
Tretinoin distribution and supply agreement	38,900	—	38,900	5 years
Formulations	27,400	1,500	28,900	8 years
Total Intangible Assets	**$ 505,300**	**$ 157,500**	**$ 662,800**	

The intangible assets acquired in connection with the Business Combination are classified as Level 3 in the fair value hierarchy. The estimate of the fair values of the acquired amortizable intangible assets were determined using a multi-period excess earnings income approach by discounting the incremental after-tax cash flows over multiple periods. Significant estimates used in the determination include estimating future cash flows over multiple periods, terminal value, and discounting such cash flows at a rate of return that reflects the relative risk of the cash flows.

Transaction Costs

In connection with the Business Combination, Waldencast incurred transactions costs of $9.4 million which were incurred during the period from July 28, 2022 to December 31, 2022 (Successor Period). Transaction costs consisted of advisory, legal, accounting and management fees, which are included in SG&A expenses on the consolidated statements of operations and comprehensive loss.

Unaudited ASC 805 Pro Forma

The following unaudited pro forma combined financial information presents the Company's results as though the Business Combination had occurred on January 1, 2021, for the years ended December 31, 2021 and 2022. The unaudited pro forma consolidated financial information has been prepared using the acquisition method of accounting in accordance with U.S. GAAP.

(In thousands)	Year ended December 31, 2022 (Unaudited)	Year ended December 31, 2021 (Unaudited)
Pro forma net revenue	$ 200,547	$ 162,583
Pro forma net income (loss)	(86,930)	(145,152)
Less: Pro forma net income (loss) attributable to noncontrolling interest	(25,140)	(26,519)
Pro forma net income (loss) attributable to Waldencast plc	$ (61,790)	$ (118,633)

These unaudited pro forma results include adjustments such as inventory step-up, amortization of acquired intangible assets, and interest expense on debt financing in connection with the Business Combination. Material, nonrecurring pro forma adjustments directly attributable to the Business Combination include:

• Cost of goods sold related to acquired inventory step-up of $10.0 million was removed from net income for the year ended December 31, 2022 and recognized as an incremental cost of goods sold in the year ended December 31, 2021.

• Transaction related costs of $66.1 million were removed from net income for the year ended December 31, 2022 and recognized as an expense in the year ended December 31, 2021.

The unaudited consolidated pro forma financial information was prepared in accordance with accounting standards and is not necessarily indicative of the results of operations that would have occurred if the Business Combination had been completed on the date indicated, nor is it indicative of the future operating results of the Company.

The unaudited pro forma results do not reflect events that either have occurred or may occur after the Business Combination, including, but not limited to, the anticipated realization of operating synergies in subsequent periods. They also do not give effect to certain charges that the Company expects to incur in connection with these acquisitions, including, but not limited to, additional professional fees and employee integration.

SA Distributor Transaction

In March 2023, we acquired a majority interest in Obagi Vietnam Import Export Trading MTV Company Limited, a company incorporated in accordance with the laws of Vietnam and formed by the SA Distributor to conduct its business in Vietnam ("Obagi Vietnam"). This acquisition was determined to be an asset acquisition, with the primary asset being the recovery of $1.6 million of inventory held by the SA distributor.

4. REVENUE

The Company disaggregates its revenue from customers by sales channel, as well as by revenue source and geographic region, based on the location of the end customer, as it believes it best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors.

Revenue by Sales Channel

The Company's revenue is primarily generated from product sales. Direct Sales revenue listed in the table below includes (i) sales to physicians through the Physician Channel Provider, (ii) DTC sales via the Company's e-commerce platforms, and (iii) sales directly to retailers. Distributors revenue includes products sold through distributors other than the Physician Channel Provider.

Total revenue by sales channel was as follows for the periods indicated:

	Year ended December 31, 2023		
	Successor		
(In thousands)	Obagi Skincare	Milk Makeup	Total
Revenue by Sales Channel			
Direct sales	$ 72,446	$ 97,222	$ 169,668
Distributors	40,203	3,245	43,448
Net product sales	$ 112,649	$ 100,467	$ 213,116
Royalties	5,002	20	5,022
Net revenue	$ 117,651	$ 100,487	$ 218,138

	Period from July 28 to December 31, 2022			Period from January 1 to July 27, 2022	Year ended December 31, 2021
	Successor			Predecessor	
(In thousands)	Obagi Skincare	Milk Makeup	Total	Total	Total
Revenue by Sales Channel					
Direct sales	$ 30,276	$ 30,192	$ 60,468	$ 39,649	$ 68,181
Distributors	28,826	1,091	29,917	31,080	68,578
Net product sales	$ 59,102	$ 31,283	$ 90,385	$ 70,729	$ 136,759
Royalties	1,988	—	1,988	3,031	5,713
Net revenue	$ 61,090	$ 31,283	$ 92,373	$ 73,760	$ 142,472

For the year ended December 31, 2023 (Successor Period), two customers accounted for 28% and 20% of the Company's revenue, respectively. During the period from July 28, 2022 to December 31, 2022 (Successor Period), three customers accounted for 29%, 18% and 16% of the Company's revenue, respectively. During the period from January 1, 2022 to July 27, 2022, (Predecessor Period), two customers accounted for 44% and 20% of the Company's revenue. For the year ended December 31, 2021 (Predecessor Period), two customers accounted for 44% and 17% of the Company's revenue.

The Physician Channel Provider is an authorized wholesale distributor and service provider for the Company in the U.S. Revenue from sales to physicians and e-commerce customers made through this provider are considered direct sales revenue. The Physician Channel Provider is also a distributor of the Company's products to other channels, such as the spa channel, and the related sales are considered distributor revenue (in which instances it is referred to as the "Spa Channel Distributor"). Revenue generated from products sold to physicians and the DTC channel via the Company's e-commerce platform through the Physician Channel Provider was $58.6 million during the year ended December 31, 2023 (Successor Period), $26.3 million during the period from July 28, 2022 to December 31, 2022 (Successor Period), $32.2 million during the period from January 1, 2022 to July 27, 2022, (Predecessor Period), $58.8 million during the year ended December 31, 2021 (Predecessor Period). Revenue generated from products sold to the Spa Channel Distributor was $1.5 million during the year ended December 31, 2023 (Successor Period), $0.3 million during the period from July 28, 2022 to December 31, 2022 (Successor Period), $0.4 million during the period from January 1, 2022 to July 27, 2022, (Predecessor Period), and $3.6 million during the year ended December 31, 2021 (Predecessor Period).

Revenue by Geographic Region

Total revenue by geographic region, based on the location of the end customer, was as follows for the periods indicated:

	Year ended December 31, 2023	Period from July 28 to December 31, 2022	Period from January 1 to July 27, 2022	Year ended December 31, 2021
(In thousands)	Successor		Predecessor	
Revenue by Geographic Region				
North America	$ 154,357	$ 56,630	$ 44,443	$ 79,122
Rest of the World	58,759	33,755	26,286	57,637
Net product sales	$ 213,116	$ 90,385	$ 70,729	$ 136,759
Royalties	5,022	1,988	3,031	5,713
Total:	$ 218,138	$ 92,373	$ 73,760	$ 142,472

During the year ended December 31, 2023 (Successor Period), the one country that accounted for more than 10% of the Company's total revenues was the United States, with net product sales amounting to $145.3 million.

During the period from July 28, 2022 to December 31, 2022 (Successor Period), the two countries that accounted for more than 10% of the Company's total revenues were the United States and China, respectively, with net product sales amounting to $54.3 million and $17.0 million, respectively.

During the period from January 1, 2022 to July 27, 2022, (Predecessor Period) the two countries that accounted for more than 10% of the Company's total revenues were the United States and Vietnam, with net product sales amounting to $43.8 million and $14.9 million, respectively.

For the year ended December 31, 2021 (Predecessor Period), the countries that accounted for more than 10% of the Company's total revenues were the United States, China, and Vietnam, with net product sales amounting to $76.7 million, $16.2 million, and $18.6 million, respectively.

5. GOODWILL

The Company allocated goodwill acquired in the Obagi Merger to its Obagi Skincare reportable segment and goodwill acquired in the Milk Transaction to its Milk Makeup segment. The fair value of each reporting unit was determined as of the Closing Date as part of the Business Combination (see "Note 3. *Business Combinations"*). The following table presents changes in goodwill by reportable segment:

(In thousands)	Obagi Skincare	Milk Makeup	Total Goodwill
Balance as of December 31, 2021 (Predecessor)	**$ 44,489**	**$ —**	**$ 44,489**
Elimination of Predecessor goodwill	(44,489)	—	(44,489)
Obagi and Milk Business Combinations	268,263	135,072	403,335
Impairment loss	(68,715)	—	(68,715)
Balance as of December 31, 2022 (Successor)	**$ 199,548**	**$ 135,072**	**$ 334,620**
Balance as of December 31, 2023 (Successor)	**$ 199,548**	**$ 135,072**	**$ 334,620**

The Company evaluates goodwill for impairment on an annual basis on October 1st and at an interim date if indicators of a potential impairment exist. The goodwill impairment test is conducted at the reporting unit level. The fair value of the Company's reporting units is determined using a combination of the discounted cash flow method under the income approach and the guideline public company method under the market approach. Fair value estimates result from a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions that have been deemed reasonable by management as of the measurement date. Under the discounted cash flow method, fair value is determined by discounting the estimated future cash flows of each reporting unit, which includes the Company's most recent projected long-term financial forecasts for revenue, earnings, capital expenditures and working capital. The discount rate used is intended to reflect the risks inherent in the future cash flows of the respective reporting unit. Under the guideline public company method, fair value is estimated using market multiples of various financial metrics observed for the reporting unit's comparable public companies.

The annual impairment test performed for fiscal 2021 (Predecessor Period) and fiscal 2022 (Successor Period) did not indicate an impairment of goodwill at the time they were performed. However, subsequent to the Business Combination (see "Note 3. Business Combinations"), the Company concluded that qualitative factors and relevant events and circumstances indicated it was more likely than not that the fair value of the Obagi Skincare reporting segment was less than its carrying amount. Therefore, the Company performed a quantitative goodwill impairment test for the associated reporting unit. As a result, during the period ended December 31, 2022 (Successor Period), the Company recorded a non-cash impairment charge of $68.7 million within the Obagi Skincare reportable segment.

The Company performed its annual goodwill impairment analysis using the quantitative approach on October 1, 2023, and the analysis did not indicate there was an impairment of goodwill. Therefore, no impairment of goodwill was recorded during the year ended December 31, 2023 (Successor Period).

6. INTANGIBLE ASSETS—NET

Intangible assets, net consisted of the following as of December 31, 2023 (Successor Period):

(In thousands)	Weighted Average Useful Lives (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademark and trade name	14	$ 559,644	$ (59,989)	$ 499,655
Customer relationships	11	36,000	(4,532)	31,468
Supply agreement	5	38,900	(11,105)	27,795
Formulations	8	28,900	(5,101)	23,799
Patents	20	154	(8)	146
Total		$ 663,598	$ (80,735)	$ 582,863

Intangible assets, net consisted of the following as of December 31, 2022 (Successor Period):

(In thousands)	Weighted Average Useful Lives (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademark and trade name	14	$ 559,328	$ (17,840)	$ 541,488
Customer relationships	11	36,000	(1,349)	34,651
Supply agreement	5	38,900	(3,325)	35,575
Formulations	8	28,900	(1,526)	27,374
Patents	20	80	(3)	77
Total		$ 663,208	$ (24,043)	$ 639,165

Amortization expense for the year ended December 31, 2023 (Successor Period), period from July 28, 2022 to December 31, 2022 (Successor Period), period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period) was $56.7 million, $24.0 million, $7.7 million, and $13.5 million, respectively.

Expected amortization for each of the years between 2024 through 2028, and thereafter are as follows:

(In thousands)	
Years ending December 31	
2024	$ 56,710
2025	56,710
2026	56,710
2027	53,385
2028	48,930
Thereafter	310,418
	$ 582,863

7. DEBT

(In thousands)	Maturity Date	As of December 31, 2023 (Successor)	As of December 31, 2022 (Successor)
2022 Term Loan	July 2026	$ 161,875	$ 170,652
Note Payable	May 2024	968	—
2022 Revolving Credit Facility	July 2026	—	14,117
Unamortized debt issuance costs		(3,050)	(5,445)
Net carrying amount		$ 159,793	$ 179,324
Less: Current portion of long-term debt		(8,529)	(20,095)
Total long-term portion		$ 151,264	$ 159,229

Note Payable — Directors and Officers ("D&O") Insurance

In August 2023, the Company entered into an agreement with a financing company for $2.4 million to finance its D&O insurance policy. The terms of the agreement stipulate equal monthly payments of principal and interest payments of $0.2 million over a ten-month period, ending in May 2024. Interest accrues on this loan at an annual rate of 8.2%.

Successor 2022 Credit Agreement

In June 2022, the Borrower, a wholly-owned subsidiary of the Company, together with Waldencast Partners LP and certain of its subsidiaries as guarantors, entered into the 2022 Credit Agreement with the Lenders and JPMorgan, as administrative agent for the Lenders. The 2022 Credit Agreement provides the Company with access to a term loan of $175.0 million (the "2022 Term Loan") and a revolving credit capacity with a current borrowing capacity of up to $45.0 million (the "2022 Revolving Credit Facility"), of which up to $7.5 million may be available, at Borrower's option, to be drawn in form of letters of credit ("2022 Letter of Credit"). The 2022 Credit Agreement is secured by the assets of the Company. The 2022 Credit Agreement restricts the Company's ability to make certain distributions or dividends, subject to a number of enumerated exceptions.

The 2022 Credit Agreement matures on July 27, 2026, four years following the funding date. The Company may elect to borrow either alternate base rate borrowings or term benchmark borrowings. Each draw that is an alternate base rate borrowing bears interest at an Alternate Base Rate (as defined in the 2022 Credit Agreement) plus the applicable rate of 2.5% per annum. Each draw that is a term benchmark borrowing bears interest at the Term SOFR Rate (as defined in the 2022 Credit Agreement), which resets periodically, plus 0.1% and the applicable rate of 3.5% per annum. As of December 31, 2023 (Successor Period), borrowings under the 2022 Credit Agreement consisted entirely of term benchmark borrowings at a borrowing rate of 7.9%. The carrying amount of debt approximates fair value due to the adjusting interest rates of the term loan, which approximate current market rates.

In connection with the issuance of the 2022 Credit Agreement, the Company incurred $6.3 million of debt issuance costs. As of December 31, 2023 (Successor Period), the Company had unpaid principal of $161.9 million and zero on the 2022 Term Loan and the 2022 Revolving Credit Facility, respectively. The 2022 Term Loan and the 2022 Revolving Credit Facility had total unamortized debt issuance costs of $3.1 million as of December 31, 2023 (Successor Period). As of December 31, 2023 (Successor Period), the weighted average interest rate was 8.6% for the 2022 Term Loan and 8.7% for the 2022 Revolving Credit Facility. The current portion of the 2022 Term Loan and the 2022 Revolving Credit Facility was $8.8 million and zero million, respectively. The current portion of the unamortized debt issuance costs on the 2022 Term Loan and the 2022 Revolving Credit Facility was $1.2 million and $0.9 million, respectively. The accrued interest was $1.4 million as of December 31, 2023 (Successor Period). Unamortized debt issuance costs on the 2022 Letter of Credit is $0.1 million, which is recorded in other current assets in the consolidated balance sheets.

Scheduled maturities under the Company's 2022 Credit Agreement as of December 31, 2023 (Successor Period) are as follows:

(In thousands)

Year Ending December 31,		
2024	$	9,718
2025		15,313
2026		137,812
2027		—
2028		—
Total unpaid principal	$	162,843

Waiver and Consent and Amendment to the 2022 Credit Agreement

In May 2023, the Borrower entered into a waiver and consent agreement with JPMorgan and the required Lenders to, among other things, waive certain defaults or events of default that had or would have resulted from the failure to deliver certain financial information and related reports. In June 2023, the Borrower entered into a subsequent waiver and consent agreement with JPMorgan and the required Lenders, pursuant to which they agreed to, among other things, (a) continue to waive certain defaults or events of default that had or would have resulted from the failure to deliver certain financial information and (b) suspend the testing of certain financial covenants in the 2022 Credit Agreement.

In August 2023, the Borrower entered into a subsequent waiver and consent agreement with JPMorgan and the required Lenders, pursuant to which they agreed to, among other things, (i) waive any default or event of default that has or would result from the failure to deliver certain financial information and related reports with respect to the fiscal year of the Borrower ended December 31, 2022 (Successor Period) and the fiscal quarters of the Borrower ended March 31, 2023 and June 30, 2023, respectively and (ii) suspend the testing of certain financial covenants set forth in the 2022 Credit Agreement. Such waiver would remain in effect until September 15, 2023.

In September 2023, the Borrower and Waldencast Partners LP entered into the second amendment and waiver to the 2022 Credit Agreement (the "Second Amendment") with JPMorgan and the required Lenders, pursuant to which they agreed to (i) waive any default or event of default that has or would result from (a) the failure to deliver certain financial information and related reports, (b) any inaccuracy or misrepresentation in certain historical financial statements previously delivered to JPMorgan and (c) certain historical breaches of the financial covenants and (ii) amend the 2022 Credit Agreement to, among other things, modify the existing financial covenant tests. The Borrower subsequently delivered all of the outstanding financial information and related reports referred to above. The Second Amendment also (i) included additional restrictions on the Borrower's, Waldencast Partners LP's and certain of their subsidiaries' ability to incur certain types of additional indebtedness, make certain acquisitions and investments, create certain liens, dispose of certain assets and make certain types of restricted payments, (ii) established a minimum liquidity covenant of $15.0 million, which is certified on a monthly basis, and (iii) introduced additional financial reporting obligations, in each case until the earlier of September 30, 2024 or such earlier time that the Borrower elects to test the financial covenants in the same manner as prior to giving effect to the Amendment.

On April 26, 2024, the Borrower, Waldencast Partners LP, JPMorgan and the required lenders entered into an amendment (the "Third Amendment") to the 2022 Credit Agreement. Among other things, the Third Amendment: (i) waived certain historical breaches of the financial covenant, (ii) modified the existing financial covenants, (iii) reduced the revolving commitments of the lenders by $5 million in the aggregate to $45 million, (iv) lowered the existing minimum liquidity covenant to $10.0 million and (v) extended the Covenant Relief Period until the earlier of December 31, 2024, or such earlier time that the Borrower elects to test the financial covenants in the same manner as prior to giving effect to the Second Amendment.

8. LEASES

The Company has operating leases for real estate properties for office and warehouse space with initial terms of approximately 8 and 11 years, respectively. Some of the Company's lease contracts include options to extend the leases for up to 5 years. Our lease agreements generally do not contain any residual value guarantees or restrictive covenants.

The Company determines if a contract contains a lease at inception of the arrangement based on whether the Company has the right to obtain substantially all of the economic benefits from the use of an identified asset and whether the Company has the right to direct the use of an identified asset in exchange for consideration, which relates to an asset that the Company does not own. Right of use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company includes options that are reasonably certain to be exercised as part of the lease term. The Company may negotiate termination clauses in anticipation of any changes in market conditions but generally, these termination options are not exercised and not considered in the determination of the lease term. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. ROU assets are recognized on the balance sheet based on the lease liability adjusted for any initial direct costs, lease incentives received, and prepaid rent.

The interest rate used to determine the present value of the future lease payments is the Company's incremental borrowing rate ("IBR"), because the interest rate implicit in most of the Company's leases is not readily determinable. The IBR is a hypothetical rate based on the Company's understanding of what its credit rating would be, and resulting interest the Company would pay, to borrow an amount equal to the lease payments in a similar economic environment over the lease term on a collateralized basis. Lease payments may be fixed or variable, however, only fixed payments or in-substance fixed payments are included in the Company's lease liability calculation. Variable lease payments may include costs such as common area maintenance, utilities, or other costs. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred. The Company has elected not to separate non-lease components from lease components and accounts for them as a single lease component. The Company has also elected the short-term lease recognition exemption for all leases that qualify.

The Company historically accounted for leases in accordance with ASC 840, *Leases*, under which operating leases were not recorded on the balance sheet. Adoption of ASC 842 was not required in interim periods preceding December 31, 2022 (Successor Period). Upon consummation of the Business Combination, Obagi and Milk adopted ASC 842 as a matter of policy alignment. The period from January 1 to July 27, 2022 (Predecessor Period) does not reflect the impact of ASC 842 adoption, as the Company did not adopt the standard as of an interim 2022 period.

The Company's lease expenses of $3.5 million were composed of operating lease costs. The Company does not have any finance leases, short-term lease costs or variable lease costs.

Supplemental cash flow information related to the Company's operating leases was as follows:

(in thousands)		Year ended December 31, 2023 (Successor)
Cash paid for amounts included in the measurement of operating lease liabilities:	$	3,309
Right-of-use assets obtained in exchange for new operating lease liabilities:	$	446

	Year ended December 31, 2023 (Successor)
Weighted-average remaining lease term	6.92
Weighted-average discount rate	5.9%

Reconciliation of the undiscounted future minimal lease payments under non-cancelable operating leases to the total operating lease liability recognized on the consolidated balance sheet as of December 31, 2023 (Successor Period) was as follows:

(in thousands)		Amount
2024	$	3,258
2025		3,504
2026		2,899
2027		2,452
2028		2,504
Thereafter		6,721
Total future minimum lease payments	$	21,338
Less: Imputed Interest		3,407
Total reported lease liability	$	17,931

Texas Leases

In December 2021 and July 2022, Obagi entered into a lease for a warehouse and office space, respectively, in Texas as part of their plans to relocate headquarters from California.

The warehouse space was never made operational and the Company permanently decided not to use the warehouse with no intention to occupy or utilize the space in the future, and actively began marketing the space for sublease. As a result, the Company recorded an impairment charge of $0.8 million during the year ended December 31, 2023 (Successor Period) which was the excess of the carrying value of the associated lease right-of-use asset over its fair value. The lease will expire in February 2031 and the Company plans to sublease the facilities.

In September 2023, Obagi vacated the Texas office space and relocated its headquarters back to California, permanently deciding to not use the office with no intention to occupy or utilize the space in the future, and actively began marketing the space for sublease. We have entered into a sublease for the office space that will run through December 2025 with annual rent of $0.4 million. The sublease does not contain a provision for early termination or extension at the end of the lease. As a result, the Company recorded an impairment charge of $2.7 million during the year ended December 31, 2023 (Successor Period) which was the excess of the carrying value of the associated office lease right-of-use asset over its fair value.

The Company estimated the fair values using discounted cash flows from the estimated net sublease rental income as of the date the decision to sublease was made. The impairment charges are included in general, administrative, and other expenses in the consolidated statements of operations.

Disclosures Related to Periods Prior to the Adoption of ASC 842

Prior to the Obagi China Distribution, the Company leased office space under three non-cancelable operating leases expiring between September 2023 and February 2032. Rent expense related to the Company's operating leases was $0.9 million and $1.2 million for the period from January 1, 2022 to July 27, 2022 (Predecessor Period) and the year ended December 31, 2021 (Predecessor Period), respectively.

9. FINANCIAL INSTRUMENTS

Interest Rate Collar

To mitigate interest rate risk in connection with the variable rate loans under the 2022 Credit Agreement, the Company entered into an interest rate collar with Wells Fargo for a notional value of $160.0 million and a fixed cash payment of $0.8 million. Under the terms of the interest rate collar, the Company is required to pay Wells Fargo if the monthly SOFR-based interest falls below the defined interest rate floor of 2.55%; conversely, the Company is entitled to receive payment from Wells Fargo if the monthly SOFR-based interest rate rises above the defined interest rate cap of 5.25%. Settlement in cash occurs monthly, if contractually required, until termination of the agreement in October 2024, and the variable interest rate is reset on the last day of each month.

This derivative instrument has not been designated for hedge accounting, therefore the change in fair value is recognized in current period earnings. The fair value of these contracts, included in other non-current assets was $0.1 million and $0.2 million as of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period), respectively. The non-cash loss from change in fair value was $0.1 million and $0.6 million during the year ended December 31, 2023 (Successor Period) and for the period from July 28 to December 31, 2022 (Successor Period), respectively, recognized in other expenses, net. Receipts of $0.1 million were exchanged on the interest rate collar contract during the year ended December 31, 2023 (Successor Period). No payments or receipts were exchanged on the interest rate collar contract during the period from July 28 to December 31, 2022 (Successor Period) aside from the initial fixed cash payment of $0.8 million.

Warrant Liabilities

Pursuant to Waldencast's IPO, the Company issued 11,499,950 Public Warrants to third-party investors. Simultaneously with the closing of the IPO, Waldencast completed the private sale of 5,933,333 warrants (the "Sponsor Warrants") to the Sponsor. Also, in connection with the IPO, on February 22, 2021, Waldencast, the Sponsor and Zeno Investment Master Fund (f/k/a Dynamo Master Fund, a member of the Sponsor ("Zeno"), entered into a Forward Purchase Agreement (the "Sponsor FPA"), which was subsequently amended by the assignment and assumption agreement entered into by and between the Sponsor and Burwell Mountain Trust ("Burwell") on December 20, 2021. Under the assignment and assumption agreement, Sponsor assigned, and Burwell assumed, all of the Sponsor's rights and benefits under the Sponsor FPA, pursuant to which, Burwell and Zeno committed to subscribe for and purchase 16,000,000 Waldencast Class A ordinary shares and 5,333,333 warrants (the "Sponsor FPA Warrants") in connection with the closing of the Business Combination. In addition, Waldencast and Beauty Ventures LLC ("Beauty Ventures") entered into a Forward Purchase Agreement on March 1, 2021 (the "Third-Party FPA", and together with the Sponsor FPA, the "FPAs"), pursuant to which Beauty Ventures committed to subscribe for and purchase up to 17,300,000 Class A ordinary shares and 5,766,666 warrants (the "Third-Party FPA Warrants" and together with the Sponsor FPA Warrants, the "FPA Warrants") for an aggregate commitment amount of $173.0 million, in connection with the closing of Waldencast's initial business combination. Finally, in connection with the Business Combination, Waldencast issued 1,000,000 warrants to settle $1.5 million working capital loans with its Sponsor, the terms of which are identical to the Sponsor FPA Warrants (the "Sponsor Loan Warrants"). The Sponsor Loan Warrants and Third-Party FPA Warrants are collectively referred to as the "Private Placement Warrants".

As of December 31, 2023 (Successor Period), all of the above-noted warrants, totaling 29,533,282, remained issued and outstanding. The Company recognized a loss of $10.3 million and a gain of $6.8 million from the change in fair value of the Public Warrants and Private Placement Warrants in the Company's consolidated statements of operations and comprehensive loss during the year ended December 31, 2023 (Successor Period) and for the period from July 28 to December 31, 2022 (Successor Period), respectively.

Following the Domestication, Public Warrants and Private Placement Warrants each entitle the holder to purchase one share of the Company's Class A ordinary shares at an exercise price of $11.50 per share. Public Warrants may only be

exercised for a whole number of shares. No fractional warrants will be issued and only whole warrants can trade. The Public Warrants became exercisable 30 days after the completion of the Business Combination. The Public Warrants will expire June 27, 2027 or earlier upon redemption or liquidation.

The Company may redeem the Public Warrants:

- in whole and not in part;
- upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their warrants on a cashless basis prior to redemption, based on the redemption date and the "fair market value" of the Class A ordinary shares;
- at a price of $0.01 per warrant if, and only if, the reported last sale price of the Class A ordinary shares for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption the warrant holders (the "Reference Value") equals or exceeds $18.00 per share (as adjusted).
- At a price of $0.01 per warrant if, and only if, the Reference Value equals or exceeds $10.00 per share (as adjusted); and
- if the Reference Value is less than $18.00 per share (as adjusted), the Private Placement Warrants must also be concurrently called for redemption on the same terms as the outstanding Public Warrants, as described above.

The exercise price and number of Class A ordinary shares issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, except as described below, the Public Warrants will not be adjusted for issuances of ordinary shares at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants.

The terms of the Third-Party FPA Warrants are identical to the Public Warrants. The Sponsor Loan Warrants and Sponsor FPA Warrants are also identical to the Public Warrants, except that they and the Class A ordinary shares issuable upon the exercise of such warrants were not transferable, assignable or salable until 30 days after the completion of the Business Combination, subject to certain limited exceptions. Additionally, the Sponsor Loan Warrants and Sponsor FPA Warrants will be exercisable on a cashless basis and be non-redeemable, except as described above, so long as they are held by the initial purchasers or their permitted transferees, thereafter they will be redeemable by the Company and exercisable by such holders on the same basis as Public Warrants.

10. FAIR VALUE MEASUREMENTS

The following table presents information about the Company's financial instruments that are measured at fair value on a recurring basis by level within the fair value hierarchy:

	As of December 31, 2023 (Successor Period)			
(In thousands)	**Total**	**Quoted Prices in Active Market**	**Significant Other Observable Inputs**	**Significant Other Unobservable Inputs**
Description		**(Level 1)**	**(Level 2)**	**(Level 3)**
Assets:				
Interest rate collar	$ 61	$ —	$ 61	$ —
Liabilities:				
Derivative warrant liabilities - Public	$ 11,155	$ 11,155	$ —	$ —
Derivative warrant liabilities - Private	$ 17,492	$ —	$ 17,492	$ —

	As of December 31, 2022 (Successor Period)			
(In thousands)	**Total**	**Quoted Prices in Active Market**	**Significant Other Observable Inputs**	**Significant Other Unobservable Inputs**
Description		**(Level 1)**	**(Level 2)**	**(Level 3)**
Assets:				
Interest rate collar	$ 198	$ —	$ 198	$ —
Liabilities:				
Derivative warrant liabilities - Public	$ 7,130	$ 7,130	$ —	$ —
Derivative warrant liabilities - Private	$ 11,181	$ —	$ 11,181	$ —

Private derivative warrants are classified as Level 2 financial instruments. The fair value of the Level 2 Private Placement Warrant liabilities has been measured based on the fair value of Public Warrant liabilities. The interest rate collar has been measured at net present value by projecting future cash flows and discounting the future amounts to a present value using market-based observable inputs including interest rate curves and credit spreads.

For goodwill (see "Note 5. Goodwill"), fair value assessments of the reporting units and the reporting units' net assets performed for goodwill impairment tests are considered a Level 3 measurement due to the significance of unobservable inputs developed using company-specific information.

The Company measures certain long-lived and intangible assets at fair value on a nonrecurring basis when events occur that indicate an asset group may not be recoverable. If the carrying amount of an asset group is not recoverable, an impairment charge is recorded to reduce the carrying amount by the excess over its fair value. Except for the initial valuation of long-lived assets in connection with the Business Combination (see "Note 3. Business Combinations") and impairment of goodwill discussed above, no long-lived assets were remeasured at fair value on a nonrecurring basis during the periods presented.

11. SUPPLEMENTAL BALANCE SHEET DISCLOSURES

Accounts Receivable, Net

As of December 31, 2023 (Successor Period), accounts receivable, net consisted of accounts receivable of $22.9 million, less allowance for doubtful accounts of $1.6 million. As of December 31, 2022 (Successor Period), accounts receivable, net consisted of accounts receivable of $20.3 million, less allowance for doubtful accounts of $1.0 million.

The change in the allowance for doubtful accounts were as follows:

(In thousands)	Year ended December 31, 2023	Period from July 28, 2022 to December 31, 2022	Period from January 1, 2022 to July 27, 2022
	Successor		Predecessor
Balance at beginning of period	$ 994	$ 1,061	$ 671
Provision for bad debts	558	(67)	390
Write-off of uncollectible accounts	—	—	—
Balance at end of period	$ 1,552	$ 994	$ 1,061

In July 2021, and as amended in December 2021 and April 2022, Obagi Cosmeceuticals LLC, a wholly-owned subsidiary of Obagi, entered into a non-recourse, uncollateralized short-term promissory note, not in the ordinary course of business, lending a third party $2.5 million (the "Predecessor Loan Receivable"). This Predecessor Loan Receivable had a maturity date of December 31, 2022 (Successor Period) and carried an interest rate of 1.00% from July 30, 2021 to September 29, 2021 and 8.00% from September 30, 2021 through maturity. The outstanding principal and accrued interest were due upon maturity. The Company wrote-off the $2.5 million loan receivable in 2021 (Predecessor Period) when it was determined to be uncollectible.

Inventories

The components of inventories were as follows:

(In thousands)	As of December 31, 2023	As of December 31, 2022
	(Successor)	
Work in process	$ 10,336	$ 11,138
Finished goods	45,348	43,246
Total inventory	$ 55,684	$ 54,384

Property and Equipment, Net

Property and equipment, net consisted of the following:

(In thousands)	As of December 31, 2023	As of December 31, 2022
	(Successor)	
Computer hardware, software and equipment	$ 689	$ 944
Furniture and fixture	533	724
Machinery and equipment	812	608
Internally developed software	854	889
Gondolas	7,078	6,040
Leasehold improvements	2,070	2,051
Total property and equipment	$ 12,036	$ 11,256
Less accumulated depreciation	(6,105)	(2,928)
Property and equipment, net	$ 5,931	$ 8,328

Depreciation expense for property and equipment for the year ended December 31, 2023 (Successor Period) and the period from July 28, 2022 to December 31, 2022 (Successor Period) were $3.8 million and $2.9 million, respectively. Depreciation expense for property and equipment for the period from January 1, 2022 to July 27, 2022 (Predecessor Period) and the year December 31, 2021 (Predecessor Period) was $0.5 million and $0.4 million, respectively.

Depreciation expense pertains to property and equipment utilized as part of the Company's SG&A activities and therefore has not been allocated to cost of goods sold.

Other Current Liabilities

The major components of other current liabilities consisted of the following (in thousands):

	As of December 31, 2023	As of December 31, 2022
(In thousands)	(Successor)	
Accrued salaries and related expenses	$ 8,702	$ 9,069
Accrued sales returns and damages	2,527	2,651
Accrued interest	1,357	134
Accrued distribution fees	590	1,621
Related party liability	5,856	9,914
Accrued professional services	2,901	1,171
Other	1,765	1,563
Total	$ 23,698	$ 26,123

The accrued distribution fees related to service charges such as e-commerce shipping and handling costs. The related party liability of $5.9 million as of December 31, 2023 (Successor Period) reflects the remaining unamortized fair value of the related party inventory contract executed on the acquisition date between Obagi and the Obagi China Business (see "Note 3. Business Combinations"). This related party liability will be amortized into related party revenue upon the sale of products to the Obagi China Business in subsequent periods.

12. STOCK-BASED COMPENSATION

Successor Incentive Plan

The Company's 2022 Incentive Award Plan (the "Plan") provides for incentives to be provided to selected officers, employees, non-employee directors and consultants of the Company in the form of options, stock appreciation rights, restricted stock, restricted stock units, stock bonuses or other stock-based awards granted under the Plan. The Plan was adopted by Waldencast's Board of Directors in June 2022, was approved by its shareholders in July, 2022, and became effective on July 27, 2022 in connection with the closing of the Business Combination.

The notional maximum number of ordinary shares available for issuance under the Plan for the fiscal year ended December 31, 2023 (Successor Period) was 16,134,716 (the "Share Reserve"); *provided, however* the Share Reserve automatically increases on January 1st of each calendar year (each, an "Evergreen Date"), prior to the tenth anniversary of the effective date of the Plan in an amount equal to the lesser of (i) 3% of the total number of ordinary shares issued and outstanding on the December 31st immediately preceding the applicable Evergreen Date and (ii) a number of ordinary shares determined by the Board, including zero, bringing the total number of ordinary shares available for issuance to 19,361,660 as of December 31, 2023 (Successor Period). All and up to the number of ordinary shares reserved for issuance under the Plan as of the effective date of the Plan (subject to an equitable adjustment in the event of a change in capitalization or change in control event) may be granted as an incentive stock options. As of December 31, 2023 (Successor Period), the Company had 4,923,262 shares reserved for future issuances under the Plan.

Business Combination

On the Closing Date, in connection with the Business Combination, the Company assumed Obagi and Milk's legacy incentive award plans and outstanding unvested awards granted under those plans. The Company assumed 5,906,300 stock options and 1,776,827 restricted stock units as replacement awards pursuant to the Obagi Merger Agreement, as well as 237,724 stock options and 2,808,131 share appreciation rights as replacement awards pursuant to the Milk Merger Agreement. The total post-combination incremental stock-based compensation was $18.3 million, which is expected to be recognized over the remaining requisite service periods, where $47.7 million represents the fair value of the equity awards as part of the equity purchase consideration. The awards that were replaced had been contingent on a

performance condition and as such, the Company is required to use an attribution model in which compensation cost for each vesting tranche is recognized as if each vesting tranche were a separate award.

Founder Awards

In August 2022 the Company granted a total of 11,500,000 stock options to the two founders of Waldencast that vest based on service over the six-year period from August 2022 through August 2028. The options were granted with four vesting tranches, each tranche with a different exercise price, subject to their continued employment with the Company. Additionally, the Company granted 692,000 founders service-based restricted stock units that cliff vest in August 2025, subject to their continued employment with the Company.

Incentive Awards

In August 2022, the Company approved incentive awards to employees of Waldencast, Milk, and Obagi. The long-term incentive awards (the "LTI Awards") are restricted stock units that vest based on both a service condition and meeting either a net sales or earnings before interest, taxes, depreciation and amortization ("EBITDA") target in calendar year 2022. These LTI Awards were granted to employees in November 2022. The performance targets for the LTI Awards were met for Milk in 2022. The Company granted LTI Awards will vest one-third each year beginning on February 15, 2023, subject to continued service through such dates. In May 2023, the Board approved a modification to the LTI Awards by waiving the performance conditions for most Obagi and Waldencast employees totaling 137,537 RSUs. The conditions were not waived for the former Chief Executive Officer of Obagi and the Chief Executive Officer and Chief Growth Officer of Waldencast, resulting in forfeiture of 360,000 RSUs. Based on the financial statements prepared by the Company for the period ended December 31, 2022 (Successor Period), the Board certified that the applicable performance goals have not been met and, accordingly, that the 2022 RSUs granted to the Company's founders will not vest. No additional grants of RSUs were made for the year ended December 31, 2023 (Successor Period).

Waldencast One-Time Stock Grant

In November 2022, the Company approved a one-time stock grant for certain Milk employees that were not eligible to participate in the LTI award program. A total of 10,000 awards were approved under this program. These awards are service-based restricted stock units that will cliff vest three years from the grant date, subject to continued employment with the Company.

Stock option activity for the year ended December 31, 2023 (Successor Period) was as follows:

	Number of Common Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate intrinsic Value (in thousands)
Balance as of December 31, 2022 (Successor)	20,452,155	$ 9.50	8.3	$ 39,118
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	(1,536,797)	5.39	—	—
Balance as of December 31, 2023 (Successor)	18,915,358	9.10	7.3	47,792
Exercisable as of December 31, 2023 (Successor)	7,227,202	6.11	6.1	34,935
Vested and expected to vest as of December 31, 2023 (Successor)	18,915,358	$ 9.10	7.3	$ 47,792

The fair value of stock option awards was determined on the grant date using the Monte Carlo simulation model for Founder Awards and the Hull-White lattice pricing model was used for replacement awards based on the following weighted-average assumptions:

	Period from July 28, 2022 to December 31, 2022	
	Successor	
	Founder Awards	Replacement Awards
Risk-free interest rate [1]	2.87% - 2.92%	2.79% - 2.80%
Expected term (years) [2]	4.7 - 9.9	N/A
Exercise multiple [3]	N/A	2.30
Expected stock price volatility [4]	39.77% - 44.76%	50.00 %
Dividend yield [5]	N/A	N/A

[1] The risk-free rate is based on U.S. Treasury securities with maturities equivalent to the expected term.

[2] The expected term for founder awards is based on the assumption that the options are exercised after 50% of the period between the later of the vest date and exercise price achievement date and the end of the contractual term.

[3] The exercise multiple is selected from the commonly used exercise multiple range of 2.0x to 2.5x assuming on average the options holders would exercise the options when the ratio of underlying stock price to the exercise price reaches 2.3x.

[4] For founder awards, the expected stock price volatility is the median historical volatility of Waldencast's volatility peer group with a look-back period equal to the contractual term using daily stock prices; for replacement awards, the expected stock price volatility is estimated by adjusting the observed equity volatility for leverage.

[5] Waldencast has not paid any dividends historically and does not plan to declare dividends in the foreseeable future and therefore assumed a dividend yield of zero.

Restricted stock activity for the year ended December 31, 2023 (Successor Period) was as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Outstanding as of December 31, 2022 (Successor)	2,802,419	$ 9.16
Granted	2,427,537	8.88
Vested	(846,736)	9.93
Forfeited	(2,086,389)	9.10
Outstanding as of December 31, 2023 (Successor)	2,296,831	$ 8.72

The unrecognized compensation cost as of December 31, 2023 (Successor Period) for stock options and restricted stock was $21.9 million and $5.8 million, respectively. These costs are expected to be recognized over a weighted-average service period of 4.0 and 1.9 years for stock options and restricted stock, respectively.

Stock-based compensation

In January 2023, the Company granted an aggregate of 2,290,000 strategic growth incentive 2025 awards (the "SGI 2025 Awards") in performance vested share units to certain Waldencast employees, in an amount up to 200% of the target share units allocated to the program, which are based on meeting the respective Company's net revenue and EBITDA targets for the year ended December 31, 2025. The SGI Awards had a grant date fair value per share of $8.88 and require a one-year post vesting holding period once the shares have been awarded.

Predecessor Incentive Plan

In January 2021, the Predecessor established a Stock Incentive Plan (the "Predecessor Incentive Plan"), under which stock options, stock awards, and restricted stock units ("Predecessor Restricted Stock") of the Company could be granted to eligible employees, directors, and consultants. Under the Predecessor Incentive Plan, the Company was authorized to issue of a maximum number of 1,500,000 shares of Obagi common stock. Incentive stock options were

required to have an exercise price at or above the fair market value of the stock on the date of the grant. The Company's stock options and Predecessor Restricted Stock granted during the period from January 1 to July 27, 2022 (Predecessor Period) and the year ended December 31, 2021 (Predecessor Period) had service-based and performance-based vesting conditions.

The options vested over five years, with 25% of options vesting in four equal quarterly installments at the end of each three-month period through the first anniversary of the grant, and the remaining 75% vesting in a series of five equal annual installments over the five-year period measured from the grant date. The Predecessor Restricted Stock vested in five equal annual installments at the end of each year, over the five-year period from the grant date. Award holders had a ten-year period to exercise the options before they expire. Notwithstanding achievement of the service-based condition, the options and the Predecessor Restricted Stock did not vest or become exercisable until a qualifying transaction was consummated prior to the expiration date. A qualifying transaction consisted of either a change in control event or an underwritten initial public offering by the Company of its equity securities on a U.S. or foreign exchange, which occurred upon Waldencast's acquisition of Obagi.

Stock option activity for the period from January 1 to July 27, 2022 (Predecessor Period) was as follows:

	Number of Common Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate intrinsic Value (in thousands)
Outstanding as of January 1, 2022 (Predecessor)	800,000	$ 41.10	9.1	$ 16,456
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	25,200	41.10	8.6	639
Vested	—	—	—	—
Outstanding as of July 27, 2022 (Predecessor)	774,800	$ 41.10	8.5	$ 19,659

Stock option activity for the year ended December 31, 2021 (Predecessor Period) was as follows:

	Number of Common Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate intrinsic Value (in thousands)
Outstanding as of January 1, 2021 (Predecessor)	—	$ —	—	$ —
Granted	800,000	41.10	9.1	16,456
Exercised	—	—	—	—
Forfeited	—	—	—	—
Vested	—	—	—	—
Outstanding as of December 31, 2021 (Predecessor)	800,000	$ 41.10	9.1	$ 16,456

The weighted average fair value per share of the awards granted during from January 1 to July 27, 2022 (Predecessor Period) was $15.55 for stock options and $38.90 for Predecessor Restricted Stock. The weighted average fair value per share of the awards granted during the year ended December 31, 2021 (Predecessor Period) was $15.55 for stock options and $38.68 for Predecessor Restricted Stock. The unrecognized compensation cost as of December 31, 2021 (Predecessor Period) for stock options and Predecessor Restricted Stock was $9.4 million and $12.4 million, respectively. Prior to Waldencast's acquisition of Obagi, the Company did not expect the occurrence of a qualifying transaction event to be "probable", and therefore no expense had been recorded.

The fair value of stock option awards was determined on the grant date using the Black-Scholes valuation model based on the following weighted-average assumptions:

	Period from January 1 to July 27, 2022	Year ended December 31, 2021
	Predecessor	
Risk-free interest rate [1]	—	0.68 %
Expected term (years) [2]	—	6.2
Expected stock price volatility [3]	—	43.00 %
Dividend yield [4]	—	N/A
Common stock per share value	—	$ 38.68

[1] The risk-free rate is based on U.S. Treasury securities with maturities equivalent to the expected term.

[2] The expected term is the estimated length of time the grants are expected to be outstanding before it is exercised or terminated. This number is calculated as the midpoint between the requisite service period and the contractual term of the award, as the Company does not have any historical data that would provide a reasonable basis to estimate the expected term for the option.

[3] The expected price volatility is based on the average of the historical volatility of comparable public companies over a period consistent with the expected term.

[4] The Predecessor historically made distributions to its shareholder but the Company does not plan to declare dividends in the foreseeable future and therefore assumed a dividend yield of zero.

Predecessor Restricted Stock activity for the period from January 1 to July 27, 2022 (Predecessor Period) was as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Outstanding as of January 1, 2022 (Predecessor)	243,307	$ 38.68
Granted	1,754	68.19
Exercised	—	—
Forfeited	10,219	38.68
Vested	—	—
Outstanding as of July 27, 2022 (Predecessor)	234,842	$ 38.90

The Company's Restricted Stock activity for the year ended December 31, 2021 (Predecessor Period) was as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Outstanding as of January 1, 2021 (Predecessor)	—	$ —
Granted	243,307	38.68
Exercised	—	—
Forfeited	—	—
Vested	—	—
Outstanding as of December 31, 2021 (Predecessor)	243,307	$ 38.68

13. SHAREHOLDERS' EQUITY

Successor's Share Capital

Under the Company's Memorandum of Association (the "Constitutional Document"), its authorized share capital consists of 1,000,000,000 Class A ordinary shares, 100,000,000 Class B ordinary shares and 25,000,000 Preference Shares, each having a par value of $0.0001. As of December 31, 2023 (Successor Period), there were 101,228,857 and 20,847,553 Class A and Class B ordinary shares, respectively, issued and outstanding. The Company did not have any Preference Shares issued and outstanding as of December 31, 2023 (Successor Period).

Each Class A ordinary share is entitled to one vote per share. The Company can, at the discretion of its Board of Directors, declare dividends and distributions out of the funds of the Company lawfully available therefor. In the event of a voluntary or involuntary liquidation or wind-up, assets available for distribution among the holders of Class A ordinary shares will be distributed on a pro rata basis.

Each Class B ordinary share is entitled to one vote per share and will vote together with holders of Class A ordinary shares as a single class. Class B ordinary shares are non-economic shares that are not entitled to dividends. Upon a liquidation, dissolution or winding up the Company, the holders of Class B ordinary shares will not be entitled to receive any assets of the Company, except to the extent of the par value of their shares, pro rata with the distributions that the Class A ordinary shares.

As outlined in "Note 3. Business Combinations," Class B ordinary shares were issued by the Company to the Milk Members in connection with the Business Combination, giving rise to noncontrolling interest in the Company's controlled subsidiary, Waldencast Partners LP. As such, the Constitutional Document prohibits issuances of additional shares of Class B ordinary shares, unless issued to a noncontrolling interest in connection with the Company's Up-C structure. Class B ordinary shares are convertible into Class A ordinary shares on a one-to-one basis at the option of the holder. If such option is exercised, the exchanged Class B ordinary shares will automatically be surrendered and retired for no consideration. If the Company issues or redeems Class B ordinary shares, Waldencast Partners LP is obligated to issue or redeem a corresponding number of Waldencast LP partnership units, such that the number of issued and outstanding partnership units at any time will correspond and be equivalent to the then number of issued and outstanding Class B ordinary shares.

Predecessor's Share Capital

The Predecessor's equity structure consisted of a single class of ordinary shares. In November 2020, the Obagi Board of Directors approved (i) an increase in the number of the Company's authorized common shares from 50,000 to 25,000,000, (ii) an issuance of 4,000,000 common shares to ZhongHua, and (iii) a two-for-one split of the Company's issued and outstanding common shares all of which became effective in December 2020. The Company was held by a single shareholder, and the share issuance to ZhongHua was deemed akin to a stock split. All share, per share amounts and related shareholders' equity balances presented for Predecessor Periods have been retroactively adjusted to reflect the impact of the Stock Split.

As of December 31, 2021 (Predecessor Period) the Predecessor had 25,000,000 ordinary shares authorized and 8,000,002 shares issued and outstanding. Predecessor's ordinary shares had a par value of $0.50 per share and each share was entitled to one vote.

The Predecessor was able to, at the discretion of its Board of Directors, declare dividends and distributions out of the funds of the Company lawfully available therefor. Payments of dividends and distributions were limited to realized or unrealized profits of the Company. The Company did not pay any dividends during the period from January 1 to July 27, 2022 (Predecessor Period). In the years ended December 31, 2021 (Predecessor Period) and 2020 (Predecessor Period), Obagi, through a wholly-owned subsidiary, paid $2.0 million (approximately $0.25 per share) and $2.0 million (approximately $0.26 per share), respectively, in dividends to its shareholder.

14. NET LOSS PER SHARE

The Company uses the weighted average ownership percentages during the period to calculate the net loss per share attributable to public shareholders and the noncontrolling interest holders. The following table sets forth the computation of basic and diluted net income (loss) using the treasury stock method:

(In thousands, except for share and per share amounts)	Year ended December 31, 2023	Period from July 28 to December 31, 2022	Period from January 1 to July 27, 2022	Year ended December 31, 2021
	Successor		Predecessor	
Numerator:				
Net loss	$ (105,968)	$ (120,557)	$ (21,057)	$ (19,576)
Net loss attributable to noncontrolling interest	(15,987)	(24,990)	—	—
Net loss attributed to Class A shareholders - basic and diluted EPS	(89,981)	(95,567)	(21,057)	(19,576)
Denominator:				
Weighted-average basic shares outstanding	91,158,500	86,460,560	8,000,002	8,000,002
Effect of dilutive securities	—	—	—	—
Weighted-average diluted shares	91,158,500	86,460,560	8,000,002	8,000,002
Basic and diluted net loss per share	$ (0.99)	$ (1.11)	$ (2.63)	$ (2.45)

The following table represents potential ordinary shares outstanding that were excluded from the computation of diluted net loss per share of common share because their effect would have been anti-dilutive:

	Year ended December 31, 2023	Period from July 28 to December 31, 2022	Period from January 1 to July 27, 2022	Year ended December 31, 2021
	Successor		Predecessor	
Warrants	29,533,282	29,533,282	—	—
Stock options	18,915,358	20,452,155	774,800	800,000
Restricted stock	2,296,831	2,802,419	234,842	243,307
Total	50,745,471	52,787,856	1,009,642	1,043,307

15. INCOME TAX BENEFIT

The Predecessor was domiciled in the Cayman Islands. Following the Business Combination, the Company, domiciled in the Bailiwick of Jersey, is subject to taxation in the U.S. and various states jurisdictions. ASC Topic 740, *Income Taxes* ("ASC 740") indicates that the federal statutory income tax rate of a foreign reporting entity be used when preparing the rate reconciliation disclosure. As such, the Company and its wholly-owned subsidiaries use the statutory income tax rate in the Bailiwick of Jersey for the Successor Period and the Cayman Islands for the Predecessor Period, which was 0%. The Company's consolidated pretax loss for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022

(Predecessor Period), and the year ended December 31, 2021 (Predecessor Period) were generated by domestic and foreign operations as follows:

(In thousands)	Year ended December 31, 2023	Period from July 28 to December 31, 2022	Period from January 1 to July 27, 2022	Year ended December 31, 2021
	Successor		Predecessor	
Loss before income taxes:				
United States	$ (82,868)	$ (125,281)	$ (17,676)	$ (15,320)
Foreign	(30,075)	(1,079)	(3,268)	5,346
Total	$ (112,943)	$ (126,360)	$ (20,944)	$ (9,974)

The provision for income taxes for the year ended December 31, 2023 (Successor Period), the period from July 28, 2022 to December 31, 2022 (Successor Period), the period from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period) consisted of the following:

(In thousands)	Year ended December 31, 2023	Period from July 28 to December 31, 2022	Period from January 1 to July 27, 2022	Year ended December 31, 2021
	Successor		Predecessor	
Current provision (benefit):				
Federal	$ 12	$ —	$ —	$ —
State	32	20	19	58
Foreign	2	—	4	170
	46	20	23	228
Deferred (income) expense:				
Federal	(7,927)	(4,557)	38	7,597
State	906	(1,266)	52	1,777
Foreign	—	—	—	—
	(7,021)	(5,823)	90	9,374
Net income tax (benefit) provision	$ (6,975)	$ (5,803)	$ 113	$ 9,602

The components of income tax expense related to the following:

	Year ended December 31, 2023	Period from July 28, 2022 to December 31, 2022	Period from January 1, 2022 to July 27, 2022	Year ended December 31, 2021
	Successor		Predecessor	
Income tax benefit at Bailiwick of Jersey for Successor and Income tax benefit at Cayman Islands for Predecessor statutory rate	— %	— %	— %	— %
U.S./foreign tax rate differential	15.9 %	20.7 %	17.7 %	30.5 %
State income tax benefit, net of federal benefit	2.1 %	2.4 %	1.4 %	1.8 %
Permanent Items	(0.1) %	0.2 %	(0.1) %	(0.2) %
Noncontrolling interest	(1.8 %)	(1.1 %)	0.0 %	0.0 %
Change in valuation allowance	(10.4 %)	(6.1 %)	(16.9 %)	(141.0 %)
Transaction bonuses	— %	— %	8.6 %	— %
Transaction costs	— %	— %	(11.3) %	— %
PPP Loan forgiveness	— %	— %	— %	14.4 %
True-Ups	— %	— %	— %	(1.8) %
Tax credits	— %	— %	— %	— %
Equity Compensation	0.5 %	— %	— %	— %
Goodwill impairment	— %	(11.4) %	— %	— %
Total income tax (benefit) expense	6.2 %	4.6 %	(0.6) %	(96.3) %

As of each reporting date, the Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. As part of the Business Combination, the Company determined that there was sufficient positive evidence to conclude that it was more likely than not that additional deferred taxes would be realizable through the reversal of existing deferred tax liabilities listed below. It therefore reduced the valuation allowance accordingly. As of December 31, 2023 (Successor Period), a valuation allowance of $19.8 million has been provided for on the deferred tax assets related to the Company's investment in Waldencast Partners LP. If or when recognized, the tax benefits related to any reversal of valuation allowance will be accounted for as a reduction of income tax expense.

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards. The tax effects of temporary differences that give rise to portions of the deferred tax assets and deferred tax liabilities as of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period) are presented below:

(In thousands)	As of December 31, 2023	As of December 31, 2022
	Successor	
Deferred tax assets:		
Accrued interest to foreign related parties	$ 2,771	$ 1,660
Lease liability	2,222	2,434
Formation costs	1,421	1,509
Net operating losses	20,669	13,117
Inventory reserve	2,134	1,731
Other temporary differences	962	646
Accrued compensation	1,112	1,377
R&D tax credits	482	379
Non-deductible interest carryover	5,077	3,350
Below market contract	1,469	2,373
Capitalized research	2,811	2,538
Investment in Waldencast LP	9,059	3,466
Total deferred tax assets	**50,189**	**34,580**
Deferred tax liabilities:		
Goodwill	(1,016)	(285)
Fixed asset basis	(92)	(370)
Lease asset	(1,015)	(2,025)
Intangibles	(43,543)	(46,206)
Total deferred tax liabilities	**(45,666)**	**(48,886)**
Net deferred tax (liabilities) assets	**4,523**	**(14,306)**
Less: valuation allowance	(19,752)	(7,944)
Net deferred tax liabilities	**$ (15,229)**	**$ (22,250)**

Net operating losses and tax credit carryforwards as of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period) were as follows:

	As of December 31, 2023		As of December 31, 2022	
	Successor			
(In thousands)	Amount	Expiration Year	Amount	Expiration Year
Net operating losses, federal	$ 75,142	Do Not Expire	$ 50,772	Do Not Expire
Net operating losses, state	$ 64,984	2039 - 2043	$ 39,366	2039-2042
Tax Credits, federal	$ 387	2039 - 2041	$ 283	2038-2039
Tax Credits, state	$ 121	Do Not Expire	$ 121	Do Not Expire
Net operating losses, Hong Kong	$ 375	Do Not Expire	$ —	
Net operating losses, Vietnam	$ 1,929	2028	$ —	

Pursuant to Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "IRC") annual use of the Company's net operating losses ("NOLs") and R&D credit carryforwards may be limited in the event a cumulative change in ownership of more than 50.0% occurs within a three-year period. The Company has not undergone an analysis to determine whether this limitation would apply to the utilization of the NOL carryforward. However, as the federal NOLs do not expire, the Company does not believe that any potential limitations to federal or state NOL's, or federal credit carryforwards, if applicable, would be material to the financial statements.

The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits, and uncertain income tax positions must meet a more likely than not recognition threshold to be

recognized. The Company recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the consolidated statements of operations and comprehensive loss. There were no unrecognized tax benefits as of December 31, 2023 (Successor Period) or December 31, 2022 (Successor Period). The Company does not expect material changes to its unrecognized tax benefits for the twelve month period following the reporting date.

As of December 31, 2023, (Successor Period) there were no active taxing authority examinations in any of the Company's major tax jurisdictions. The Company remains subject to examination for federal and state income tax purposes for the tax years ending 2019 through 2023 (Successor Period).

For the tax years beginning on or after January 1, 2022, the Tax Cuts and Jobs Act of 2017 eliminates the option to currently deduct R&D expenses and requires taxpayers to capitalize and amortize them over five years for research activities performed in the U.S. and 15 years for research activities performed outside the U.S. pursuant to IRC Section 174. Although Congress is considering legislation that would repeal or defer this capitalization and amortization requirement, it is not certain that this provision will be repealed or otherwise modified. If the requirement is not repealed or replaced, it will decrease our tax deduction for R&D expense in future years.

16. RELATED PARTY TRANSACTIONS

Waldencast

Subscription Agreement with PIPE Investors

In September 2023, the Company entered into subscription agreements (the "Subscription Agreements") with certain investors (collectively, the "2023 PIPE Investors"), pursuant to, and on the terms and subject to the conditions of which, the 2023 PIPE Investors collectively subscribed for 14,000,000 Class A ordinary shares (the "PIPE Shares"), in a private placement at a purchase price of $5.00 each per share, for aggregate gross proceeds of $70.0 million (the "2023 PIPE Investment"). The Subscription Agreements relating to approximately $68.0 million of proceeds were consummated in September 2023, with the remaining approximately $2.0 million of proceeds related to the closing of the Subscription Agreements in November 2023, following receipt of regulatory approvals (the "2023 PIPE Closings" and the date on which such Closing occurred, the "PIPE Closing Date")." No Class B ordinary shares, warrants or other securities of the Company were issued in connection with the 2023 PIPE Investment.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its directors and executive officers. The indemnification agreements provide, to the fullest extent permitted under law, indemnification against all expenses, judgments, fines and amounts paid in settlement relating to, arising out of or resulting from an indemnitee's status as a director, officer, employee, fiduciary or agent of the Company or any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity which such person is or was serving at the Company's request as a director, officer, employee or agent. In addition, the indemnification agreements provide that the Company will advance, to the extent not prohibited by law, the expenses incurred by the indemnitee in connection with any proceeding, and such advancement will be made within thirty (30) days after the receipt by the Company of a statement requesting such advances from time to time, whether prior to or after final disposition of any proceeding.

Prior to the Business Combination

Sponsor Shares

In January 2021, the Sponsor purchased 7,187,500 Class B ordinary shares for an aggregate purchase price of $0.025 million, or approximately $0.003 per share (the "sponsor shares"). In February 2021, the Sponsor transferred 20,000 Class B ordinary shares to each of the Company's then-serving independent directors, Ms. Sarah Brown, Ms. Juliette Hickman, Ms. Lindsay Pattison and Mr. Zack Werner (the "Investor Directors"), resulting in the Sponsor holding 7,107,500 Class B ordinary shares. In March 2021, Waldencast effected a share capitalization resulting in the Sponsor holding an aggregate of 8,545,000 Class B ordinary shares. As such, the Sponsor and the Investor Directors collectively owned 20% of Waldencast's issued and outstanding shares upon consummation of its IPO. In connection with the Business Combination, 8,625,000 sponsor shares held by the Sponsor and Investor Directors converted automatically, on a one-for-one basis, into one Class A ordinary share in accordance with their terms.

Forward Purchase Agreements

In connection with Waldencast's IPO, in February 2021, the Sponsor and Zeno (a member of the Sponsor) entered into the Sponsor FPA, which was subsequently amended by the assignment and assumption agreement entered into by and between the Sponsor and Burwell in December 2021. Under the assignment and assumption agreement, Sponsor assigned, and Burwell assumed, all of the Sponsor's rights and benefits under the Sponsor FPA, pursuant to which, Burwell and Zeno committed to subscribe for and purchase 16,000,000 Class A ordinary shares and 5,333,333 warrants for an aggregate commitment amount of $160.0 million in connection with the closing of Waldencast's initial business combination. In addition, Beauty Ventures entered into the Third-Party FPA with Waldencast in March 2021, pursuant to which Beauty Ventures committed to subscribe for and purchase up to 17,300,000 Class A ordinary shares and up to 5,766,666 warrants for an aggregate commitment amount of $173.0 million, in connection with the closing of the Company's initial business combination. Members of the Sponsor or their affiliates will begin to receive a twenty percent (20%) performance fee allocation on the return of the forward purchase securities in excess of the hurdle rate, calculated on the total return generated from forward purchase securities (whether by dividend, transfer or increase in value as measured from date of issuance), when the return of such securities (less the expenses of Beauty Ventures) underlying the Third-Party FPA exceeds a hurdle rate of five percent (5%) accrued annually until the fifth anniversary of the issuance of such securities. In the event of a transfer and subsequent sale of any forward purchase securities prior to such fifth anniversary, the performance fee for the period between such transfer and such fifth anniversary will be calculated based on the proceeds generated by such sale. The FPA investments were consummated substantially concurrently with the consummation of the Business Combination.

Private Placement Warrants

Simultaneously with the consummation of the IPO, the Sponsor purchased 5,933,333 Private Placement Warrants at a purchase price of $1.50 per private placement warrant, or $8.9 million in the aggregate. Each Private Placement Warrant entitles the holder to purchase one Class A ordinary share for $11.50 per share. The Private Placement Warrants may not be redeemed by the Company so long as they are held by the Sponsor or its permitted transferees. If the Private Placement Warrants are held by holders other than the Sponsor or its permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by the holders on the same basis as the Public Warrants. The Sponsor, or its permitted transferees, has the option to exercise the Private Placement Warrants on a cashless basis. The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants: (i) are not redeemable by the Company, (ii) may be exercised for cash or on a cashless basis so long as they are held by the Sponsor or any of its permitted transferees and (iii) are entitled to registration rights (including the Class A ordinary shares issuable upon exercise of the private placement warrants). Additionally, the purchasers agreed not to transfer, assign or sell any of the Private Placement Warrants, including the Class A ordinary shares issuable upon exercise of the Private Placement Warrants (except to certain permitted transferees), until 30 days after the completion of the Business Combination. In connection with the Business Combination, each of the 5,933,333 Private Placement Warrants converted automatically into a warrant to acquire one Class A ordinary share.

Registration Rights

The holders of the sponsor shares, Private Placement Warrants, and warrants that were issued upon conversion of the Working Capital Loan (as defined below) (and any Class A ordinary shares issuable upon (i) the exercise of the Private Placement Warrants, including the Working Capital Warrants (as defined below) and (ii) the conversion of the sponsor shares) are entitled to registration rights pursuant to a registration rights agreement dated March 15, 2021 (the "Legacy Registration Rights Agreement") requiring the Company to register such securities for resale (in the case of the sponsor shares, only after conversion to Class A ordinary shares). The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the completion of the Business Combination and rights to require the Company to register for resale such securities pursuant to Rule 415 under the Securities Act. The Company is responsible for the expenses incurred in connection with the filing of any such registration statements.

The Sponsor, the members of the Sponsor and certain of the Company's shareholders, Obagi and Milk and certain of their respective affiliates entered into an amended and restated registration rights agreement, dated July 27, 2022, with the Company (the "Registration Rights Agreement"), pursuant to which the Company agreed to register for resale, pursuant to Rule 415 under the Securities Act, certain Class A ordinary shares and our other securities that are held by the parties thereto from time to time, subject to the restrictions on transfer therein. The Registration Rights Agreement

amended and restated the Legacy Registration Rights Agreement and terminates with respect to any party thereto, on the date that such party no longer holds any Registrable Securities (as defined therein).

In August 2022, the Company filed a registration statement on Form F-1 to register up to 121,120,063 Class A ordinary shares, consisting of (i) 8,545,000 Class A ordinary shares converted from the sponsor shares; (ii) 80,000 Class A ordinary shares converted from the sponsor shares held by the Investor Directors; (iii) 20,000 Class A ordinary shares issued to Aaron Chatterley in a private placement exempt from registration pursuant to Section 4(a)(2) of the Securities Act, and Rule 506 of Regulation D promulgated thereunder, in connection with the consummation of the Business Combination; (iv) 28,237,506 Class A ordinary shares issued pursuant to the Obagi Merger Agreement; (v) 21,104,225 Class A ordinary shares issuable in exchange for 21,104,225 Class B ordinary shares pursuant to the Milk Equity Purchase Agreement; (vi) 11,800,000 Class A ordinary shares issued in the PIPE investments; (vii) 33,300,000 Class A ordinary shares issued pursuant to the FPAs; and (viii) 18,033,332 Class A ordinary shares issuable in respect of the private placement warrants, pursuant to the Registration Rights Agreement.

Related Party Notes and Advances

In January 2021, Waldencast issued a promissory note to the Sponsor (the "January Note"), pursuant to which Waldencast could borrow an aggregate principal amount of $0.3 million. The note was non-interest bearing and payable on the completion of the IPO. There were no borrowings outstanding under the note at the closing of the IPO.

In August 2021, Waldencast issued a promissory note to the Sponsor, pursuant to which it could borrow up to an aggregate principal amount of $1,500,000 from the Sponsor (the "Working Capital Loan"). The note was non-interest bearing, unsecured and due and payable in full on the earlier of (x) March 18, 2023 and (y) the date Waldencast consummated its initial business combination. In October 2021, Waldencast drew down the entire available balance of the promissory note and the Sponsor deposited $1,500,000 in Waldencast's operating bank account. As of the Closing Date, there was a total aggregate principal amount of $1,500,000 in outstanding borrowings under the Convertible Working Capital Note. In connection with the closing of Business Combination, the Sponsor elected to convert $1,500,000 of the Working Capital Loan balance into warrants at a price of $1.50 per warrant for a total of 1,000,000 warrants (the "Working Capital Warrants"). The Working Capital Warrants issuance was exempt from registration pursuant to Section 4(a)(2) of the Securities Act, and Rule 506 of Regulation D promulgated thereunder. Borrowings under the Convertible Working Capital Note are no longer available.

In addition, Waldencast issued working capital promissory notes to the Sponsor on (i) in May 2022, for up to $600,000 ("May Working Capital Note") and (ii) July 2022, for up to $450,000 ("July Working Capital Note" and, together with May Working Capital Note, the "Non-Convertible Working Capital Notes"), in each case, for working capital purposes. As of the Closing Date, there was a total aggregate principal amount of $1,050,000 in outstanding borrowings under the Non-Convertible Working Capital Notes. In connection with the closing of Business Combination, the aggregate outstanding balance under the Non-Convertible Working Capital Notes of $1,050,000 was repaid to the Sponsor. Borrowings under the Non-Convertible Working Capital Notes are no longer available.

Administrative Services Agreement

Waldencast entered into an agreement whereby, commencing on March 15, 2021, through the earlier of the consummation of a business combination or a liquidation, Waldencast agreed to pay the Sponsor a monthly fee of $10,000 for office space, administrative, financial and support services. Waldencast incurred approximately $65,000 in administrative expenses under the agreement through the Closing Date, but ceased to incur these fees following the completion of the Business Combination. As of December 31, 2023 (Successor Period) and December 31, 2022 (Successor Period), the Company had less than $0.1 million and $0.4 million, respectively, in related party accounts payable in consolidated balance sheets. The Company ceased to incur these fees following the completion of the Business Combination.

Lock-Up Agreements

Pursuant to a Letter Agreement, dated March 15, 2021, between the initial shareholders of Waldencast Acquisition Corp. and Waldencast (the "Letter Agreement"), such shareholders agreed not to transfer, assign or sell any of their sponsor shares until the earlier to occur of: (A) one year after the Closing Date; and (B) following the Closing Date, (x) if the last reported sale price of the Class A ordinary shares equals or exceeds $12.00 per share (as adjusted for share sub-divisions, share dividends, rights issuances, consolidations, reorganizations, recapitalizations and other

similar transactions) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Company's initial business combination or (y) the date on which it completes a liquidation, merger, share exchange, reorganization or other similar transaction that results in all of its public shareholders having the right to exchange their ordinary shares for cash, securities or other property (except with respect to permitted transferees) (the "Letter Agreement Lock-Up Provisions"). Any permitted transferees would be subject to the same restrictions and other agreements of the initial shareholders of Waldencast Acquisition Corp. with respect to any sponsor shares. Such Letter Agreement Lock-Up Provisions expired on July 27, 2023.

In addition, pursuant to the Sponsor FPA, Burwell and Zeno agreed not to transfer, assign or sell any of their Class A ordinary shares according to the same Letter Agreement Lock-Up Provisions. Any permitted transferees would be subject to the same restrictions and other agreements as a purchaser under the Sponsor FPA. The Sponsor FPA lock-up period expired on July 27, 2023.

Waiver and Agreement

In connection with the consummation of the Business Combination, the Company waived certain provisions as contemplated by the Letter Agreement, dated March 15, 2021, between the initial shareholders of Waldencast Acquisition Corp. and Waldencast (the "Letter Agreement") and certain other agreements related thereto (collectively, the "Waiver"), with respect to any securities held by an Insider (as defined in the Letter Agreement) as of the closing the Business Combination (the "Lock-Up Securities") that would disallow a pledge by such Insider of the Lock-Up Securities in a transaction for the purpose of financing such Insider's payment obligations owed in connection with the closing of the Business Combination. In connection with such Waiver, the Company entered into that certain Waiver and Agreement, dated as of July 25, 2022, with Burwell (the "Waiver and Agreement"), to permit a pledge by Burwell of its Lock-Up Securities to be used as a portion of the collateral under a loan to finance Burwell's payment obligations under the Sponsor FPA in connection with the closing of the Business Combination. Pursuant to the terms of the Waiver and Agreement, in the event of a foreclosure, any such lenders or a collateral agents will be required to execute a joinder to the Letter Agreement pursuant to which they will be bound by the transfer restrictions of the Lock-Up Securities (including the foreclosure of or other exercise of remedies under any such loan documentation) in the Letter Agreement for the duration of such agreement. We also agreed to provide any such lender or collateral agent with customary registration rights in the event of default, foreclosure or other exercise of remedies following the respective Lock-Up Periods (as defined in the Letter Agreement).

Transactions with Cedarwalk in connection with the Business Combination

In connection with the Obagi China Distribution, the Company entered into an Intellectual Property License Agreement (the "IP License Agreement"), a Global Supply Services Agreement (the "Supply Agreement"), and a Transition Services Agreement (the "Transition Services Agreement") with Obagi Hong Kong, which is owned by Cedarwalk, the former owner of Obagi and a beneficial holder of 24.5% of the Company's fully diluted Class A ordinary shares as of the closing of the Business Combination.

Under the IP License Agreement, the Company exclusively licenses intellectual property relating to the Obagi brand to the Obagi China Business, and the Company retains the rights to such intellectual property to conduct the Obagi-branded business worldwide except for the China Region. The Obagi China Business pays the Company a royalty on gross sales of licensed products. During the year ended December 31, 2023 (Successor Period) net revenue generated from related party royalties was $0.3 million. During the period from July 28 to December 31, 2022 (Successor Period) net revenue generated from related party royalties was $0.2 million.

Under the Supply Agreement, the Company supplies or causes to be supplied through certain Obagi CMOs products for distribution and sale in the China Region by the Obagi China Business. The term of the Supply Agreement is perpetual, subject to termination for material breach and failure to cure or termination in the event that the IP License Agreement is terminated. The Company anticipates it will continue supplying the Obagi China Business with products at an agreed-upon markup, net of agreed-upon discounts as applicable until the Obagi China Business has been added as a party to Obagi's CMO agreements, at which time it will then order directly from the CMOs. During the year ended December 31, 2023 (Successor Period) net revenue generated from supplying products to the Obagi China Business was $5.6 million and the related cost of goods sold was $1.7 million. During the period from July 28 to December 31, 2022 (Successor Period) net revenue generated from supplying products to the Obagi China Business was $17.0 million and the related cost of goods sold was $5.1 million.

As of December 31, 2023 (Successor Period), the Company had $1.1 million in related party accounts receivable from the Obagi China Business in the consolidated balance sheet. As of December 31, 2022 (Successor Period), the Company had $0.3 million in related party accounts receivable from the Obagi China Business in the consolidated balance sheet.

Under the Transition Services Agreement, the Company provided Obagi Hong Kong and its affiliates certain transition services to enable them to conduct the Obagi China Business as a going concern in the China Region. The transition services were provided for an initial term of up to twelve (12) months, with an option for Obagi China Business to extend the service period for up to an additional twelve (12) months solely as to certain R&D services. Obagi Hong Kong did not elect to extend the services and as a result the Transition Services Agreement expired on July 27, 2023. Services under the agreement were to be charged at the reasonable, fully-loaded costs of providing the services, but such services were to be provided at no charge for a certain period of time or up to a specified dollar value of services (the "Threshold Amount"). The Company determined that the Threshold Amount may be applied towards a combination of the Company's services or inventory purchases made by the Obagi China Business under the Supply Agreement. Due to the fact that the Threshold Amount had not been reached at the time of expiration, the Company received no fees from the Obagi China Business during the year ended December 31, 2023 (Successor Period) or the period ended December 31, 2022 (Successor Period).

Transactions with Waldencast Ventures LP

Waldencast Ventures LP is a shareholder of the Company and is controlled by Michel Brousset. The Company reimbursed Waldencast Ventures LP with respect to salary and other costs relating to Michel Brousset and Hind Sebti incurred by Waldencast Ventures LP in 2022 following the Business Combination as well as a portion of rent related to the Company's London offices. For the year-ended December 31, 2023 (Successor Period) the total amount reimbursed was $0.3 million.

Milk

Milk subleases from Milk Studios Los Angeles LLC certain space in Los Angeles, CA on a month-to-month basis. Milk primarily uses these facilities for corporate offices and as an in-house studio. Milk also receives certain services from an employee of Milk Studios. During the year ended December 31, 2023 (Successor Period), the Company incurred administrative fees of $0.3 million in connection with the sublease and services, which is recorded in SG&A expenses in consolidated statements of operations and comprehensive loss. During the period from July 28 to December 31, 2022 (Successor Period), the Company incurred administrative fees of $0.1 million, which is recorded in SG&A expenses in consolidated statements of operations and comprehensive loss.

One of the cofounders of Milk Makeup and a shareholder of the Company is party to an influencer agreement with Milk Makeup pursuant to which she provides certain brand services to Milk Makeup. Milk incurred $0.1 million in fees pursuant to this agreement during the year-ended December 31, 2023 (Successor Period).

17. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

Purchase commitments represent unconditional purchase obligations to purchase goods or services, primarily inventory, that are enforceable and legally binding on the Company and specify all significant terms, including fixed or minimum quantities to be purchased, price provisions, and the approximate timing of the transaction.

The Company has entered into a certain development and production agreement with a third-party vendor in which the Company is committed to purchase from the vendor certain units of Skintrinsiq devices totaling $5.7 million. As of December 31, 2023 (Successor Period), the Company's associated future minimum payment was $1.0 million over the next 12-18 months.

The Company has entered into an unconditional purchase order with third-party product manufacturers for the delivery of inventory in which the Company is committed to purchase from the manufacturers certain product inventory. As of

December 31, 2023 (Successor Period), the Company's associated future minimum payment was $10.6 million over the next 12 months.

Legal Proceedings

Except for the SEC investigation described below, the Company is not involved in any material litigation nor, to management's knowledge, was any material litigation threatened against the Company, which if adversely determined could have a material adverse impact on the Company.

SEC Investigation

The audit committee of the Board, engaged in a review of certain accounting practices applied to the Company's financial statements for the Predecessor Period and Successor Period through December 31, 2022. The Company proactively and voluntarily self-reported the review to the SEC. In connection with this matter, the Company received a document subpoena from the SEC in September 2023. Although the Company is fully cooperating with the SEC's investigation and continues to voluntarily respond to requests related to this matter, it cannot predict when the SEC will complete its investigation or its outcome and potential impact such outcome may have on the Company's business. Any remedial measures, sanctions, fines or penalties, including, but not limited to, financial penalties and awards, injunctive relief and compliance conditions, imposed on the Company could have a material adverse effect on its business, financial condition and results of operations.

18. SEGMENT REPORTING

The Company reports segment information based on the management approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of our reportable segments. Prior to the consummation of the Business Combination, the Predecessor operated its business and reported its results through a single operating and reportable segment. Following the Business Combination, the Company determined that it has two operating and reportable segments: Obagi Skincare and Milk Makeup. See. "Note 3, *Business Combinations*."

Obagi Skincare - this segment consists of the business of Obagi. Obagi's business activities include developing, marketing, and selling skin health products. These assets and activities are conducted by Obagi Global Holdings Limited and its wholly-owned subsidiaries.

Milk Makeup - this segment consists of the business of Milk. Milk's business activities include developing, marketing, and selling cosmetics, skincare, and other beauty products. Milk generates revenue from the sale of cosmetics to retailers, including off-price retailers, and sales DTC via its website.

Central costs include operating expenses related to corporate overhead expenses such as personnel-related costs, professional fees, interest expense related to the 2022 Credit Agreement, and the change in the fair value of derivatives. These costs are not used in evaluating the results of, or in allocating resources to, the Company's segments.

The accounting policies of the segments are the same as those described in "Note 2, *Summary of Significant Accounting Policies*."

The following is a reconciliation of financial measures of the Company's segments to the consolidated totals:

(In thousands)	Year ended December 31, 2023			Period from July 28 to December 31, 2022		
	Successor			Successor		
	Obagi Skincare	Milk Makeup	Total	Obagi Skincare	Milk Makeup	Total
Net revenue	$ 117,651	$ 100,487	$ 218,138	$ 61,090	$ 31,283	$ 92,373
Cost of goods sold	41,069	35,492	76,561	44,973	15,684	60,657
Gross profit	$ 76,582	$ 64,995	$ 141,577	$ 16,117	$ 15,599	$ 31,716

The Company evaluates the performance of its reportable segments based on segment gross profit. Segment gross profit is segment revenue less segment cost of goods sold.

The following table reconciles segment gross profit to net income (loss) before income taxes for the year ended December 31, 2023 (Successor Period):

(In thousands)	Year ended December 31, 2023	Period from July 28 to December 31, 2022
	Successor	
Gross profit	$ 141,577	$ 31,716
Selling, general and administrative	220,313	88,926
Research and development	3,195	1,796
Loss on impairment of goodwill	—	68,715
Interest expense, net	18,906	6,230
Change in fair value of derivative warrant liabilities	10,337	(6,793)
Other expenses (income), net	1,769	(798)
Loss before income taxes	$ (112,943)	$ (126,360)
Income tax (benefit) expense	(6,975)	(5,803)
Net loss	$ (105,968)	$ (120,557)

The Company does not evaluate performance or allocate resources based on segment asset data, and therefore such information is not presented. All of the Company's and the Predecessor's long-lived assets are located in the U.S.

19. EMPLOYEE BENEFIT PLAN

The Company sponsors a Section 401(k) retirement plan and pension plans for employees in the U.S. and the United Kingdom. During the year ended December 31, 2023 (Successor Period), the from July 28, 2022 to December 31, 2022 (Successor Period), and the from January 1, 2022 to July 27, 2022 (Predecessor Period), and the year ended December 31, 2021 (Predecessor Period) the Company's contributions to the plan were $1.2 million, $0.3 million, $0.4 million, and $0.6 million, respectively.

20. SUBSEQUENT EVENTS

Credit Agreement

On April 26, 2024, the Borrower, Waldencast Partners LP, JPMorgan and the required lenders entered into an amendment (the "Third Amendment") to the 2022 Credit Agreement. Among other things, the Third Amendment: (i) waived certain historical breaches of the financial covenant, (ii) modified the existing financial covenants, (iii) reduced the revolving commitments of the lenders by $5 million in the aggregate to $45 million, (iv) lowered the existing minimum liquidity covenant to $10.0 million and (v) extended the Covenant Relief Period until the earlier of December 31, 2024, or such earlier time that the Borrower elects to test the financial covenants in the same manner as prior to giving effect to the Second Amendment.

21. SUCCESSOR CONDENSED FINANCIAL INFORMATION OF WALDENCAST PLC (PARENT COMPANY ONLY)

The parent company financial statements for Waldencast Plc should be read in conjunction with the Company's Consolidated Financial Statements and the accompanying notes thereto. For purposes of this condensed financial information, the Company's wholly owned and majority owned subsidiaries are recorded based upon its proportionate share of its subsidiaries' net assets (similar to presenting them on the equity method). Waldencast plc has no material operations of its own and conducts substantially all of its activities through its wholly owned subsidiaries. Waldencast plc has no significant assets or liabilities other than derivative warrant liabilities and cash, most expenditures paid by Waldencast plc are allocated to its subsidiaries. Waldencast Finco Limited, a wholly-owned indirect subsidiary of Waldencast plc, is the borrower under the 2022 Credit Agreement. The terms and conditions of the 2022 Credit Agreement (see Note 7 for definition) limit the ability of Waldencast plc's wholly owned subsidiaries to make certain distributions or dividends, subject to a number of enumerated exceptions. Due to the aforementioned restrictions, substantially all of the Successor period net assets of Waldencast Plc's subsidiaries are restricted. Since the restricted net assets of consolidated subsidiaries exceed 25% of the consolidated net assets of the Company and its subsidiaries, the accompanying condensed parent company financial statements have been prepared in accordance with Rule 12-04, Schedule 1 of Regulation S-X. This information should be read in conjunction with the accompanying Consolidated Financial Statements.

The following condensed financial statements have been presented on a "parent-only" basis. Under a parent-only presentation, Waldencast plc's investment in its subsidiaries is presented under the equity method of accounting.

WALDENCAST PLC
(PARENT COMPANY ONLY)
CONDENSED BALANCE SHEET
(In thousands of U.S. dollars, except share and per share data)

	As of December 31, 2023	As of December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 419	$ 3,215
Intercompany receivable	51,964	—
Total current assets	52,383	3,215
Investment in subsidiary	745,537	823,936
TOTAL ASSETS	$ 797,920	$ 827,151
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Intercompany payables	—	8,942
Derivative warrant liabilities	28,647	18,311
TOTAL LIABILITIES	28,647	27,253
SHAREHOLDERS' EQUITY:		
Successor Class A ordinary shares, $0.0001 par value, 1,000,000,000 shares authorized; and 101,228,857 and 86,460,560 outstanding as of December 31, 2023 and December 31, 2022, respectively	9	8
Successor Class B ordinary shares, $0.0001 par value, 1,000,000,000 shares authorized; and 20,847,553 and 21,104,225 outstanding as of December 31, 2023 and December 31, 2022, respectively	2	2
Additional paid-in capital	871,527	796,038
Accumulated deficit	(246,761)	(156,780)
Accumulated other comprehensive loss	(151)	(29)
TOTAL CONTROLLING SHAREHOLDERS' EQUITY	624,626	639,239
Noncontrolling Interest	144,647	160,659
TOTAL SHAREHOLDERS' EQUITY	769,273	799,898
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 797,920	$ 827,151

WALDENCAST PLC
(PARENT COMPANY ONLY)
CONDENSED STATEMENT OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data)

	Year ended December 31, 2023	For the period from July 28 to December 31, 2022
Net revenue	$ —	$ —
Selling, general and administrative	1,259	—
Total operating loss	(1,259)	—
Other expense (income):		
Interest expense, net	(14)	19
Change in fair value of derivative warrant liabilities	10,337	6,793
(Loss) income before income taxes	(11,582)	6,812
Income tax benefit	—	—
(Loss) income before equity in undistributed earnings of subsidiaries	(11,582)	6,812
Equity in undistributed earnings of subsidiaries	(78,399)	(102,379)
Net loss	(89,981)	(95,567)
Other comprehensive loss — foreign currency translation adjustments, net of tax	(122)	(29)
Comprehensive loss	$ (90,103)	$ (95,596)

WALDENCAST PLC
(PARENT COMPANY ONLY)
CONDENSED STATEMENT OF CASH FLOW
(In thousands of U.S. dollars)

	Year ended December 31, 2023	Period from July 28 to December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (89,981)	$ (95,567)
Adjustments to reconcile net loss to net cash		
Cash (used in) provided by operating activities:		
Equity in income of subsidiaries	78,399	102,379
Change in fair value of derivative warrant liabilities	10,337	(6,793)
Net cash (used in) provided by operating activities	**(1,245)**	**19**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from trust	—	6,400
Net cash provided by investing activities	**—**	**6,400**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PIPE investments	70,000	—
Payment of PIPE transaction costs	(1,069)	—
Tax withholding	(1,204)	—
Transfers from subsidiaries	30,575	6,000
Transfers to subsidiaries	(66,250)	(300)
Expenses paid on behalf of subsidiaries	(33,603)	(8,982)
Net cash used in financing activities	**(1,551)**	**(3,282)**
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(2,796)**	**3,137**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - Beginning of period	**3,215**	**78**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - end of period	**$ 419**	**$ 3,215**

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Nasdaq Listing of Waldencast plc Class A Ordinary Shares and Waldencast plc Warrants

Waldencast plc Class A ordinary shares and Waldencast plc Warrants are listed on the Nasdaq Capital Market under the symbols "WALD" and "WALDW," respectively. Holders of Waldencast plc Class A ordinary shares and Waldencast plc Warrants should obtain current market quotations for their securities.

B. Plan of Distribution

Not applicable.

C. Markets

Waldencast plc Class A ordinary shares and Waldencast plc Warrants are listed on the Nasdaq Capital Market under the symbols "WALD" and "WALDW," respectively.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The information set forth in our Registration Statement on Form F-1 (File No. 333-267053), as amended, initially filed with the SEC on August 24, 2022, under the heading "Description of Share Capital" is incorporated herein by reference.

C. Material Contracts

Material Contracts Relating to Waldencast Plc's Operations

Credit Facility

In June 2022, we entered into the 2022 Credit Agreement by and among Borrower, Parent Guarantor, the Lenders and the Administrative Agent. The 2022 Credit Agreement provides us with access to the Term Loan of $175.0 million, the Revolving Credit Facility with a current borrowing capacity of up to $45.0 million, of which an aggregate principal amount of up to $7.5 million may be available, at the Borrower's option to be drawn in the form of letters credit (collectively, the "2022 Credit Facilities").

In May 2023, the Borrower entered into a waiver and consent agreement with JPMorgan and the required Lenders to, among other things, waive certain defaults or events of default that had or would have resulted from the failure to deliver certain financial information and related reports. In June 2023, the Borrower entered into a subsequent waiver and consent agreement with JPMorgan and the required Lenders, pursuant to which they agreed to, among other things, (a) continue to

waive certain defaults or events of default that had or would have resulted from the failure to deliver certain financial information and related reports and (b) suspend the testing of certain financial covenants in the 2022 Credit Agreement.

In August 2023, the Borrower entered into a subsequent waiver and consent agreement with JPMorgan and the required Lenders, pursuant to which they agreed to, among other things, (i) waive any default or event of default that has or would result from the failure to deliver certain financial information and (ii) suspend the testing of certain financial covenants set forth in the 2022 Credit Agreement. Such waiver would remain in effect until September 15, 2023.

In September 2023, the Borrower and Waldencast Partners LP entered into the second amendment and waiver to the 2022 Credit Agreement (the "Second Amendment") with JPMorgan and the required Lenders, pursuant to which they agreed to (i) waive any default or event of default that has or would result from (a) the failure to deliver certain financial information and related reports, (b) any inaccuracy or misrepresentation in certain historical financial statements previously delivered to JPMorgan and (c) certain historical breaches of the financial covenants and (ii) amend the 2022 Credit Agreement to, among other things, modify the existing financial covenant tests. The Borrower subsequently delivered all of the outstanding financial information and related reports referred to above. The Second Amendment also (i) included additional restrictions on the Borrower's, Waldencast Partners LP's and certain of their subsidiaries' ability to incur certain types of additional indebtedness, make certain acquisitions and investments, create certain liens, dispose of certain assets and make certain types of restricted payments, (ii) established a minimum liquidity covenant of $15.0 million, which is certified on a monthly basis, and (iii) introduced additional financial reporting obligations, in each case until the earlier of September 30, 2024 or such earlier time that the Borrower elects to test the financial covenants in the same manner as prior to giving effect to the Second Amendment (the period until such date, the "Covenant Relief Period").

On April 26, 2024, the Borrower, Waldencast Partners LP, JPMorgan and the required lenders entered into an amendment (the "Third Amendment") to the 2022 Credit Agreement. Among other things, the Third Amendment: (i) waived certain historical breaches of the financial covenant, (ii) modified the existing financial covenants, (iii) reduced the revolving commitments of the lenders by $5 million in the aggregate to $45 million, (iv) lowered the existing minimum liquidity covenant to $10.0 million and (v) extended the Covenant Relief Period until the earlier of December 31, 2024, or such earlier time that the Borrower elects to test the financial covenants in the same manner as prior to giving effect to the Second Amendment. The foregoing descriptions of the 2022 Credit Agreement (as amended by the Third Amendment) and the Third Amendment are qualified in its entirety by reference to the full and complete terms thereof and are attached as Exhibit 4.17 to this Report and is incorporated herein by reference. As of the date of the issuance of these financial statements and after giving effect to the Third Amendment, the Company was in compliance with all financial covenants.

The 2022 Credit Agreement restricts our ability to make certain distributions or dividends, subject to a number of enumerated exceptions. The 2022 Credit Agreement matures on July 27, 2026, four years following the funding date. Borrowings under the Term Loan were used, among other things, to repay outstanding amounts under, and terminate, the existing credit facilities of Obagi and Milk in connection with the closing of the Business Combination.

Borrowings under the 2022 Credit Facilities will accrue interest at a rate per annum equal to, at Borrower's option, the Alternate Base Rate or the Adjusted Term SOFR Rate (each, as defined in the 2022 Credit Agreement) plus an applicable margin of 2.50% for Alternate Base Rate borrowings and 3.50% plus 0.1% for Adjusted Term SOFR Rate borrowings. Borrowings under the 2022 Revolving Credit Facility may be prepaid without premium or penalty, subject to applicable notice requirements and the payment of customary "breakage" costs.

Obligations under the 2022 Credit Agreement are (i) guaranteed by certain existing and future subsidiaries of Waldencast plc and (ii) secured by a first priority lien on substantially all of the assets of Waldencast LP, the Borrower and the subsidiary guarantors, in the case of each of clauses (i) and (ii) above, subject to customary exceptions and limitations.

The 2022 Credit Agreement contains customary representations and warranties, affirmative covenants and events of default and also contains customary negative covenants including, among other things, limitations on the ability of Waldencast LP, Borrower and certain of their subsidiaries to incur indebtedness, create liens, make investments, enter into mergers, consolidations and other similar transactions, dispose of assets, declare dividends, enter into certain transactions with their affiliates and enter into sale and leaseback transactions. Further, the Waivers described above, the Second Amendment and the Third Amendment (i) provided additional restrictions on the Borrower's, Parent Guarantor's and certain of their subsidiaries' ability to incur certain types of additional indebtedness, make certain acquisitions and investments, create certain liens, dispose of certain assets and make certain types of restricted payments, (ii) established a minimum liquidity covenant of $10 million, which is certified on a monthly basis and (iii) introduced additional financial reporting obligations, in each case until the earlier of December 31, 2024 or such earlier time that the Borrower elects to

test the financial covenants in the same manner as prior to giving effect to the Second Amendment (the period to and including such date, the "Covenant Relief Period"). Additionally, the 2022 Credit Agreement requires Parent Guarantor, the Borrower and certain of their subsidiaries to comply with specified financial covenants, including maintaining (i) a maximum Total Leverage Ratio of (a) during the Covenant Relief Period, 8.00 to 1.00, which steps down over time to 4.00 to 1.00 and (b) upon and after the termination of the Covenant Relief Period, 3.75 to 1.00 and (ii) a minimum Interest Coverage Ratio of (a) during the Covenant Relief Period, 1.25 to 1.00, which steps up over time to 2.50 to 1.00, and (b) upon and after the termination of the Covenant Relief Period, 3.00 to 1.00 (each, as defined in the 2022 Credit Agreement). The foregoing descriptions of the 2022 Credit Agreement, the First Amendment, the Second Amendment, the Third Amendment and the Waivers are qualified in its entirety by reference to the full and complete terms thereof and are attached as Exhibit 4.11, Exhibit 4.13, and Exhibit 4.17, respectively, to this Report and is incorporated herein by reference.

Contracts Material to Our Obagi Skincare and Milk Makeup Businesses

Information relating to agreements that are material to our Obagi Skincare business and Milk Makeup business can be found in "Item 4. "Information on the Company—4.B. Business Overview" of this Report.

Material Contracts with Directors, Executive Officers, Major Shareholders and Related Parties

The information relating to material agreements with our directors and executive officers, major shareholders and related parties can be found in "Item 7 Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" of this Report.

Material Contracts Relating to the Business Combination

Contracts Entered Into Prior to the Business Combination

PIPE Subscriptions

Concurrently with the execution of the Transaction Agreements, we entered into Subscription Agreements, executed on or prior to November 14, 2021, pursuant to which the investors (the "Initial PIPE Investors") agreed to purchase, in the aggregate, 10,500,000 Class A ordinary shares at $10.00 per share for an aggregate commitment amount of $105.0 million. The Transaction Agreements provided that we could enter into additional subscription agreements with investors to participate in the purchase of our shares after November 15, 2021 but prior to the Closing Date. On June 14, 2022, we entered into Subscription Agreements with additional investors on the same terms as the Initial PIPE Investors, pursuant to which such investors agreed to acquire an aggregate of 800,000 shares of Class A ordinary shares for an aggregate purchase price equal to $8.0 million. On July 15, 2022, we entered additional Subscription Agreements on the same terms as the Initial PIPE Investors, pursuant to which such investors subscribed for 500,000 Class A ordinary shares for an aggregate purchase price equal to $5.0 million (collectively, the "PIPE Investments"). 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 reference thereto, a copy of which is filed as Exhibits 4.3 to this Report and the terms of which are incorporated by reference herein.

FPAs and Agreements with the Sponsor and its Affiliates

Information relating to material agreements with related parties entered into prior to and in contemplation of the Business Combination can be found in "Item 7 Major Shareholders and Related Party Transactions—7.B. Related Party Transactions"

Transaction Agreements

The following summary describes the material provisions of the Obagi Merger Agreement and the Milk Purchase Agreement but does not purport to describe all of the terms of such agreements and is qualified in its entirety by reference to the complete text of the Obagi Merger Agreement and Milk Purchase Agreement, copies of which are attached as Exhibits 4.1 and 4.2, respectively, of this Report.

Obagi Merger Agreement

On November 15, 2022, we entered into the Obagi Merger Agreement pursuant to which Merger Sub merged with and into Obagi, with Obagi as the surviving corporation and an indirect subsidiary of Waldencast as of the Closing Date (the "Obagi Merger"). At the effective time of the Obagi Merger, all outstanding ordinary shares of Obagi common stock were canceled and exchanged for (i) 28,237,506 Class A ordinary shares of Waldencast and (ii) cash in the amount of $317.5 million. At the effective time of the Obagi Merger, all options to purchase Obagi common stock granted under the 2021 Obagi Stock Incentive Plan ("Obagi Options") were converted into options to purchase Waldencast plc Class A ordinary shares, subject to substantially the same terms and conditions as were in effect with respect to such Obagi Option immediately prior to the Obagi Merger Effective Time. Each Obagi Option to purchase one share of Obagi common stock converted into the right to purchase 7.62 Waldencast plc Class A ordinary shares. Similarly, all restricted stock units issued in respect of Obagi common stock granted ("Obagi RSUs") were converted into restricted stock units with respect to Waldencast plc Class A ordinary shares, subject to substantially the same terms and conditions as were in effect with respect to such Obagi RSU immediately prior to the effective time. Each Obagi RSU with respect to one share of Obagi common stock converted into an RSU with respect to 7.62 Waldencast plc Class A ordinary shares.

As a condition to the merger, immediately prior to the closing, Obagi effected the Obagi China Distribution. For a description of that transaction as well as the agreement related thereto, see "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" in this Report.

The Obagi Merger Agreement contains certain post-closing covenants of Waldencast, pursuant to which the Company agreed:

- as soon as practicable following the date that is 60 days after the Closing Date and subject to applicable securities laws, file an effective registration statement on Form S-8 (or other applicable form) with respect to Waldencast plc's Class A ordinary shares issuable under the 2022 Plan and use commercially reasonable efforts to maintain the effectiveness of such registration statement(s) (and maintain the current status of the prospectus or prospectuses contained therein) for so long as awards granted pursuant to the 2022 Plan remain outstanding;
- for a period of twelve (12) months following the Closing Date, provide, or cause its affiliates to provide, each Obagi employee continuing employment with Waldencast or Obagi with (i) an annual base salary or hourly wage rate, as applicable, that is no less favorable than the annual base salary or hourly wage rate, as applicable, provided to such employee immediately prior to the Closing Date, (ii) target cash incentive opportunity that is no less favorable than the target cash incentive opportunity provided to such employee immediately prior to the Closing Date and (iii) health, retirement, welfare and other employee and fringe benefits that are no less favorable, in the aggregate, than those provided to such employee immediately prior to the Closing Date;
- for the purposes of determining eligibility, vesting, participation and benefits accrual under Waldencast and its affiliate's' plans and programs providing employee benefits, credit each Obagi employee continuing employment with Waldencast or Obagi with his or her years of service with Obagi prior to the Closing Date to the same extent as such employee was (or would have been) entitled prior to the Closing Date;
- cause (i) each Obagi employee continuing employment with Waldencast plc or Obagi to be immediately eligible to participate in any and all Waldencast benefit plans; (ii) all pre-existing condition exclusions and actively-at-work requirements of such Waldencast benefit plan to be waived for such employee and his or her covered dependents; and (iii) any co-payments, deductibles and other eligible expenses incurred by such employee to be credited for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year of each comparable Waldencast benefit plan;
- indemnify and hold harmless each present and former director and officer of Obagi and Waldencast and each of their respective subsidiaries against any costs, expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any legal proceeding arising out of or pertaining to matters existing or occurring at or prior to the Closing Date to the fullest extent that would have been permitted under applicable law and the applicable governing documents to indemnify such person;
- maintain for a period of not less than six years from the Closing Date provisions in its governing documents and those of its subsidiaries concerning the indemnification and exoneration (including provisions relating to expense advancement) of its and its subsidiaries' former and current officers, directors and employees, no less favorable to those persons than the provisions of the governing documents of Obagi, Waldencast or their respective subsidiaries, as applicable, in each case, as of the date of the Obagi Merger Agreement and (ii) not amend, repeal

or otherwise modify such provisions in any respect that would adversely affect the rights of those persons thereunder; and

- for a period of six years from the Closing Date, maintain in effect directors' and officers' liability, employment practices liability and fiduciary liability insurance covering those persons who are currently covered by Waldencast's, Obagi's or their respective subsidiaries' directors' and officers' liability, employment practices liability and fiduciary liability insurance policies on terms not less favorable to the insureds than the terms of such current insurance coverage.

Milk Purchase Agreement

On November 15, 2022, we also entered into the Milk Purchase Agreement pursuant to which the Waldencast Purchasers acquired from the Milk Members all of their equity in Milk in exchange for (i) 21,104,225 Waldencast LP Units (ii) 21,104,225 Class B ordinary shares, which are non-economic voting shares of Waldencast and (iii) cash in the amount of $112.5 million (the "Milk Transaction"). Each Waldencast LP Unit and Class B ordinary share held by a Milk Member is redeemable at the option of the holder, and, if such option is exercised, exchangeable at the option of Waldencast into one Waldencast Class A ordinary share or cash, in accordance with the terms of the Amended and Restated Waldencast Partners LP Agreement. Upon consummation of the Business Combination Waldencast became organized in an "Up-C" structure, whereby the equity interests of Obagi and Milk are held by Waldencast LP, which is an indirect subsidiary of Waldencast plc. We, in turn, hold our interests in Obagi and Milk through Waldencast LP and Holdco 1.

At the Milk Purchase Effective Time (the "Milk Closing"), all options to purchase Milk common stock ("Milk Options") were converted into options to purchase Waldencast plc Class A ordinary shares, subject to substantially the same terms and conditions as were in effect with respect to such Milk Option immediately prior to the Milk Transaction effective time. Each Milk Option to purchase one Milk common unit converted into an option to purchase 1.47 Waldencast plc Class A ordinary shares. Similarly, all unit appreciation rights issued in respect of Milk common stock ("Milk UARs") were converted into SARs with respect to Waldencast plc Class A ordinary shares, subject to substantially the same terms and conditions as are in effect with respect to such Milk UAR immediately prior to the effective time. Each Milk UAR with respect to one Milk common unit converted into a SAR with respect to 1.47 Waldencast plc Class A ordinary shares.

The Milk Purchase Agreement contains certain post-closing covenants of Waldencast, pursuant to which the Company agreed:

- as soon as practicable following the date that is 60 days after the Closing Date and subject to applicable securities laws, file an effective registration statement on Form S-8 (or other applicable form) with respect to Waldencast plc's Class A ordinary shares issuable under the Waldencast plc 2022 Plan and use commercially reasonable efforts to maintain the effectiveness of such registration statement(s) (and maintain the current status of the prospectus or prospectuses contained therein) for so long as awards granted pursuant to the 2022 Plan remain outstanding;
- for a period of twelve (12) months following the Closing Date, provide, or cause its affiliates to provide, each Milk employee continuing employment with Waldencast or Milk with (i) an annual base salary or hourly wage rate, as applicable, that is no less favorable than the annual base salary or hourly wage rate, as applicable, provided to such employee immediately prior to the Closing Date, (ii) target cash incentive opportunity that is no less favorable than the target cash incentive opportunity provided to such employee immediately prior to the Closing Date and (iii) health, retirement, welfare and other employee and fringe benefits that are no less favorable, in the aggregate, than those provided to such employee immediately prior to the Closing Date;
- for the purposes of determining eligibility, vesting, participation and benefit accrual under Waldencast and its affiliate's' plans and programs providing employee benefits, credit each Milk employee continuing employment with Waldencast or Milk with his or her years of service with Milk prior to the Closing Date to the same extent as such employee was (or would have been) entitled prior to the Closing Date;
- cause (i) each Milk employee continuing employment with Waldencast plc or Milk to be immediately eligible to participate in any and all Waldencast benefit plans; (ii) all pre-existing condition exclusions and actively-at-work requirements of such Waldencast benefit plan to be waived for such employee and his or her covered dependents; and (iii) any co-payments, deductibles and other eligible expenses incurred by such employee to be credited for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year of each comparable Waldencast benefit plan;

- indemnify and hold harmless each present and former director and officer of Milk and Waldencast and each of their respective subsidiaries against any costs, expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any legal proceeding arising out of or pertaining to matters existing or occurring at or prior to the Closing Date to the fullest extent that would have been permitted under applicable law and the applicable governing documents to indemnify such person;
- maintain for a period of not less than six years from the Closing Date provisions in its governing documents and those of its subsidiaries concerning the indemnification and exoneration (including provisions relating to expense advancement) of its and its subsidiaries' former and current officers, directors and employees, no less favorable to those persons than the provisions of the governing documents of Milk, Waldencast or their respective subsidiaries, as applicable, in each case, as of the date of the Milk Purchase Agreement and (ii) not amend, repeal or otherwise modify such provisions in any respect that would adversely affect the rights of those persons thereunder; and
- for a period of six years from the Closing Date, maintain in effect directors' and officers' liability, employment practices liability and fiduciary liability insurance covering those persons who are currently covered by Waldencast's, Milk's or their respective subsidiaries' directors' and officers' liability, employment practices liability and fiduciary liability insurance policies on terms not less favorable to the insureds than the terms of such current insurance coverage.

Related Agreements

Amended and Restated Exempted Limited Partnership Agreement

Effective as of immediately before the consummation of the Milk Transaction, the initial exempted limited partnership agreement of Waldencast LP was amended and restated in its entirety to provide that each Waldencast LP Unit will have identical economic rights and Holdco 1 was admitted as the general partner of Waldencast LP. The Waldencast LP Units have no voting rights. The Amended and Restated Waldencast Partners LP Agreement prohibits transfers of Waldencast LP Units held by the Milk Members and will require the prior consent of Holdco 1 for such transfers, subject to certain exceptions set forth in the Amended and Restated Waldencast Partners LP Agreement.

Following the expiration of any applicable lock-up period, each holder of the Waldencast LP Unit (other than Holdco 1) is entitled at any time, to cause Waldencast LP to redeem (each, a "Unit Redemption"), all or a portion of its Waldencast LP Units, in which case, we may at our option, acquire such Waldencast LP Units in exchange for cash or new Waldencast plc Class A ordinary shares on a one-for-one basis. In connection with any Unit Redemption, a number of Waldencast plc Class B ordinary shares equal to the number of redeemed Waldencast LP Units will be surrendered and canceled. Once the Milk Members have caused Unit Redemptions to have occurred that cause the aggregate Waldencast LP Units held by the Milk Members to be equal to or less than 20% of the total Waldencast LP Units held by the Milk Members as of the Closing Date of the Milk Transaction, Waldencast LP will have the right to acquire all or a portion of the remaining Waldencast LP Units that remain outstanding in exchange for cash or Waldencast plc Class A ordinary shares on a one-for-one basis, at Waldencast LP's sole discretion, subject to certain limitations set forth in the Amended and Restated Waldencast Partners LP Agreement.

Under the terms of the Amended and Restated Waldencast Partners LP Agreement, Waldencast LP is obligated to make pro rata tax distributions to holders of Waldencast LP Units at certain assumed tax rates unless such distribution would not be permitted under applicable law.

D. Exchange Controls

There are no governmental laws, decrees, regulations or other legislation in Jersey that may affect the import or export of capital, including the availability of cash and cash equivalents for use by the Company, or that may affect the remittance of dividends, interest, or other payments by the Company to non-resident holders of its ordinary shares. There is no limitation imposed by the laws of Jersey or in the Company's articles of association on the right of non-residents to hold or vote shares.

E. Taxation

U.S. Federal Income Tax Considerations

The following is a discussion of U.S. federal income tax considerations generally applicable to the ownership and disposition of Class A ordinary shares by U.S. Holders. This discussion addresses only those holders of Class A ordinary shares that hold their ordinary shares as capital assets (generally, property held for investment) and assumes that any distributions made (or deemed made) by us and any consideration received (or deemed received) by a holder in consideration for the sale or other disposition of Class A ordinary shares will be in U.S. dollars. This discussion does not discuss all aspects of U.S. federal income taxation that may be relevant to holders in light of their particular circumstances or status including:

- the Sponsor or Waldencast's officers or directors;
- financial institutions or financial services entities;
- broker-dealers;
- taxpayers that are subject to the mark-to-market accounting rules;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- regulated investment companies or real estate investment trusts;
- expatriates or former long-term residents of the U.S.;
- persons that actually or constructively own five percent or more of our voting shares or five percent or more of the total value of any class of our shares;
- persons that acquired our ordinary shares pursuant to an exercise of employee share options, in connection with employee share incentive plans or otherwise as compensation or in connection with the performance of services;
- persons that hold our ordinary shares as part of a straddle, constructive sale, hedging, conversion or other integrated or similar transaction; or
- persons whose functional currency is not the U.S. dollar.

This discussion is based on the Code, proposed, temporary and final Treasury Regulations promulgated under the Code, and judicial and administrative interpretations thereof, all as of the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax considerations described herein. This discussion does not address U.S. federal taxes other than those pertaining to U.S. federal income taxation (such as estate or gift taxes, the alternative minimum tax or the Medicare tax on investment income), nor does it address any aspects of U.S. state or local or non-U.S. taxation.

We have not and do not intend to seek any rulings from the IRS regarding any of the U.S. federal income tax considerations described herein. There can be no assurance that the IRS will not take positions inconsistent with the considerations discussed below or that any such positions would not be sustained by a court.

This discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold our ordinary shares through such entities. If a partnership (or any entity or arrangement so characterized for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of such partnership and a person treated as a partner of such partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships holding any of our ordinary shares and persons that are treated as partners of such partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences of the ownership and disposition of Class A ordinary shares.

EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF CLASS A ORDINARY SHARES, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX LAWS.

As used herein, a "U.S. Holder" is a beneficial owner of Class A ordinary shares who or that is, for U.S. federal income tax purposes:

1. an individual citizen or resident of the U.S.,

2. a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) that is created or organized (or treated as created or organized) in or under the laws of the U.S. or any state thereof or the District of Columbia,
3. an estate whose income is subject to U.S. federal income tax regardless of its source, or
4. a trust if (i) a U.S. court can exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person.

Tax Residence of Waldencast Plc for U.S. Federal Income Tax Purposes

A corporation is generally considered for U.S. federal income tax purposes to be a tax resident in the jurisdiction of its organization or incorporation. Section 7874 of the Code provides an exception to this general rule, under which a non-U.S. incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes. These rules are complex and there is limited guidance regarding their application.

Based on the rules currently in effect, we do not expect to be treated as a U.S. corporation for U.S. federal income tax purposes by virtue of Section 7874 of the Code as a result of the Business Combination. Nevertheless, because the rules and exceptions under Section 7874 of the Code are complex, subject to factual and legal uncertainties, and may change in the future (possibly with retroactive effect), there can be no assurance that we will not be treated as a U.S. corporation for U.S. federal income tax purposes. In addition, it is possible that a future acquisition of the stock or assets of a U.S. corporation could result in our being treated as a U.S. corporation at the time of the Business Combination.

If we were to be treated as a U.S. corporation for U.S. federal income tax purposes, we could be subject to liability for additional U.S. income taxes, and the gross amount of any dividend payments to our non-U.S. shareholders could be subject to 30% U.S. withholding tax, depending on the application of any income tax treaty that might apply to reduce the withholding tax. If Holdco 1 were to be disregarded, or we were otherwise to be treated as a direct partner in Waldencast LP, dividend payments by us could be treated as wholly or partially U.S.-source for foreign tax credit and other U.S. federal income tax purposes even if we are treated as a non-U.S. corporation under Section 7874 of the Code.

The remainder of this discussion assumes that Waldencast plc will not be treated as a U.S. corporation for U.S. federal income tax purposes under Section 7874 of the Code.

U.S. Federal Income Tax Considerations of Owning Class A Ordinary Shares

Taxation of Dividends and Other Distributions on Class A Ordinary Shares

Subject to the passive foreign investment company ("PFIC") rules discussed below, any distribution of cash or other property to a U.S. Holder of Class A ordinary shares, will generally be treated as a dividend for U.S. federal income tax purposes to the extent the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such dividends will be taxable to a corporate U.S. Holder at regular rates and will not be eligible for the dividends-received deduction generally allowed to domestic corporations in respect of dividends received from other domestic corporations.

Distributions in excess of such earnings and profits will generally be applied against and reduce the U.S. Holder's basis in its Class A ordinary shares (but not below zero) and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of such Class A ordinary shares. We may not determine our earnings and profits on the basis of U.S. federal income tax principles, however, in which case any distribution paid by us will be treated as a dividend.

With respect to non-corporate U.S. Holders, dividends will generally be taxed at preferential long-term capital gains rates only if (i) Class A ordinary shares are readily tradable on an established securities market in the U.S. or (ii) we are eligible for the benefits of an applicable income tax treaty, in each case provided that we are is not treated as a PFIC in the taxable year in which the dividend was paid or in any previous year and certain holding period or other requirements are met. If our Class A ordinary shares are delisted from The Nasdaq Capital Market and are not otherwise readily tradable on an established securities market in the U.S., and provided that we remain ineligible for the benefits of an applicable tax treaty with the U.S., dividends received on our Class A ordinary shares would generally not be eligible to be taxed at preferential rates. U.S. Holders should consult their tax advisors regarding the availability of the lower rate for any dividends paid with respect to Class A ordinary shares.

Taxation on the Disposition of Class A Ordinary Shares

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of Class A ordinary shares, a U.S. Holder will generally recognize capital gain or loss. The amount of gain or loss recognized will generally be equal to the difference between (i) the sum of the amount of cash and the fair market value of any property received in such disposition and (ii) the U.S. Holder's adjusted tax basis in such ordinary shares.

Under tax law currently in effect, long-term capital gains recognized by non-corporate U.S. Holders are generally subject to U.S. federal income tax at a reduced rate of tax. Capital gain or loss will constitute long-term capital gain or loss if the U.S. Holder's holding period for the ordinary shares exceeds one year. The deductibility of capital losses is subject to various limitations.

PFIC Considerations

Definition of a PFIC

A foreign (i.e., non-U.S.) corporation will be a PFIC for U.S. federal income tax purposes if at least 75% of its gross income in a taxable year of the foreign corporation, including its pro rata share of the gross income of any corporation in which it is considered to own at least 25% of the shares by value, is passive income. Alternatively, a foreign corporation will be a PFIC if at least 50% of its assets in a taxable year of the foreign corporation, ordinarily determined based on fair market value and averaged quarterly over the year, including its pro rata share of the assets of any corporation in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents and royalties (other than certain rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

Pursuant to a start-up exception, a corporation will not be a PFIC for the first taxable year the corporation has gross income, if (1) no predecessor of the foreign corporation was a PFIC; (2) the corporation satisfies the IRS that it will not be a PFIC for either of the first two taxable years following the start-up year; and (3) the corporation is not in fact a PFIC for either of those years.

PFIC Status of Waldencast and Waldencast Plc

Although a foreign corporation's PFIC determination will be made annually, absent certain elections described below, a determination that Waldencast Acquisition Corp., our predecessor ("WAC") was or Waldencast plc is a PFIC will continue to apply to subsequent years in which a U.S. Holder continues to hold shares in such entity (including a successor entity), whether or not such entity is a PFIC in those subsequent years. Because, following the Domestication, Waldencast is treated as the successor to WAC for U.S. federal income tax purposes, any Class A ordinary shares treated as received in exchange for WAC Class A ordinary shares in the Domestication may, in the absence of certain elections described below, be treated as stock of a PFIC if WAC or Waldencast was treated as a PFIC during the holding period of a U.S. Holder.

Although WAC likely met the PFIC income or asset tests for the Start-Up Year, the start-up exception is expected to apply to prevent such entity from being treated as a PFIC for the taxable year ending on December 31, 2021 (the "Start-Up Year") provided that the combined company did not meet either test in the two subsequent taxable years. Based on the timing of the Business Combination and the assets and income of the combined company, we do not believe we met either test for our taxable year ended December 31, 2022 (Successor Period) or December 31, 2023 (Successor Period), and do not expect to meet either test in the foreseeable future. However, because PFIC status is an annual factual determination, we may become a PFIC in future if the composition of our income or assets, or the market price of our Class A ordinary shares, were to change. Accordingly, there can be no assurance with respect to the PFIC status of Waldencast for the current taxable year or any future taxable year.

Application of PFIC Rules to Ordinary Shares

If (i) WAC or Waldencast is determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder and (ii) the U.S. Holder did not make a timely and effective QEF Election (as defined below) for the first year in its holding period in which WAC or Waldencast (as the case may be)(was or) is a PFIC (such taxable year as it relates to each U.S. Holder, the "First PFIC Holding Year"), a QEF Election along with a purging

election, or a "mark-to-market" election, each as described below under "QEF Election, Mark-to-Market Election and Purging Election," then such holder will generally be subject to special rules (the "Default PFIC Regime") with respect to:

- any gain recognized by the U.S. Holder on the sale or other disposition of its ordinary shares; and
- any "excess distribution" made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of its ordinary shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder's holding period for such ordinary shares).

Under the Default PFIC Regime:

- the U.S. Holder's gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for its ordinary shares (taking into account the relevant holding period of the WAC Class A ordinary share treated as exchanged therefor);
- the amount of gain allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution, or to the period in the U.S. Holder's holding period before the first day of the first taxable year in which WAC was or Waldencast is a PFIC, will be taxed as ordinary income;
- the amount of gain allocated to other taxable years (or portions thereof) of the U.S. Holder and included in such U.S. Holder's holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and
- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder in respect of the tax attributable to each such other taxable year of such U.S. Holder.

A U.S. Holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the U.S. Holder may be required to file an IRS Form 8621 (whether or not the U.S. Holder makes one or more of the elections described below with respect to such shares) with such U.S. Holder's U.S. federal income tax return and provide such other information as may be required by the U.S. Treasury Department.

QEF Election, Mark-to-Market Election and Purging Election

In general, if WAC or Waldencast is determined to be a PFIC, a U.S. Holder may avoid the Default PFIC Regime with respect to its ordinary shares by making a timely and effective "qualified electing fund" ("QEF") election under Section 1295 of the Code (a "QEF Election") for such holder's First PFIC Holding Year. In order to comply with the requirements of a QEF Election with respect to Class A ordinary shares, a U.S. Holder must receive a PFIC Annual Information Statement from us. If we determine we are a PFIC for any taxable year, we may endeavor to provide to a U.S. Holder such information as the IRS may require, including a PFIC Annual Information Statement, in order to enable the U.S. Holder to make and maintain a QEF Election. However, there is no assurance that we will so endeavor, or that we will have timely knowledge of our status as a PFIC in the future or of the required information to be provided. U.S. Holders are urged to consult their tax advisors with respect to any QEF Election previously made with respect to Waldencast shares.

Alternatively, if a U.S. Holder, at the close of its taxable year, owns (or is deemed to own) shares in a PFIC that are treated as marketable shares, the U.S. Holder may make a mark-to-market election with respect to such shares for such taxable year. If the U.S. Holder makes a valid mark-to-market election for such holder's First PFIC Holding Year, such holder will generally not be subject to the Default PFIC Regime in respect of its ordinary shares as long as such shares continue to be treated as marketable shares. Instead, the U.S. Holder will generally include as ordinary income for each year in its holding period that Waldencast or WAC is treated as a PFIC the excess, if any, of the fair market value of its ordinary shares at the end of its taxable year over the adjusted basis in its ordinary shares. The U.S. Holder also will be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of its Class A ordinary shares over the fair market value of its ordinary shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in its ordinary shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of the ordinary shares in a taxable year in which WAC was or Waldencast is treated as a PFIC will be treated as ordinary income. Special tax rules may also apply if a U.S. Holder makes a mark-to-market election for a taxable year after such holder's First PFIC Holding Year.

The mark-to-market election is available only for "marketable stock," which generally includes stock that is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission, including The

Nasdaq Capital Market. If our Class A ordinary shares are delisted from The Nasdaq Capital Market (and are not otherwise regularly traded on another national securities exchange that is registered with the SEC), our Class A ordinary shares would generally not be treated as "marketable stock" for such purposes, and a U.S. Holder would not be eligible to make a mark-to-market election with respect to our Class A ordinary shares. Any mark-to-market election that is otherwise in effect with respect to our Class A ordinary shares at the time that they are delisted would generally terminate automatically, effective as of the beginning of the U.S. Holder's taxable year in which the delisting occurs. U.S. Holders should consult their own tax advisors regarding the availability and tax consequences of a mark-to-market election in respect of WAC Class A ordinary shares or the Class A ordinary shares under their particular circumstances, as well as regarding any mark-to-market elections previously made with respect to WAC Class A ordinary shares or our Class A ordinary shares.

Class A ordinary shares treated as stock of a PFIC under the Default PFIC Regime (including Class A ordinary shares treated as received in exchange for WAC Class A ordinary shares that were so treated at the time of the Domestication) will continue to be treated as stock of a PFIC, including in taxable years in which we cease to be a PFIC, unless the applicable U.S. Holder makes a "purging election" with respect to such shares. Under one type of purging election, the U.S. Holder will be deemed to have sold such shares at their fair market value on the last day of the last year in which WAC or Waldencast, as applicable, is treated as a PFIC, and any gain recognized on such deemed sale will be treated as an excess distribution, as described above. As a result of this election, the U.S. Holder will have additional basis (to the extent of any gain recognized in the deemed sale) and, solely for purposes of the PFIC rules, a new holding period in such holder's Class A ordinary shares. U.S. Holders should consult their tax advisors regarding the application of the purging elections rules to their particular circumstances.

If we are a PFIC and, at any time, have foreign subsidiary that is a PFIC, U.S. Holders would be deemed to own a portion of the shares of such lower-tier PFIC, and could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or disposes of all or part of our interest in, the lower-tier PFIC or the U.S. Holders otherwise were deemed to have disposed of an interest in the lower-tier PFIC. A mark-to-market election would not be available with respect to such lower-tier PFIC. U.S. Holders should consult their own tax advisors regarding the tax issues raised by lower-tier PFICs.

The rules dealing with PFICs and with the QEF and mark-to-market elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of Class A ordinary shares should consult their own tax advisors concerning the application of the PFIC rules to Class A ordinary shares under their particular circumstances.

THE RULES DEALING WITH PFICS ARE COMPLEX AND ARE IMPACTED BY VARIOUS FACTORS IN ADDITION TO THOSE DESCRIBED ABOVE. U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE CONSEQUENCES TO THEM OF THE PFIC RULES, INCLUDING, WITHOUT LIMITATION, WHETHER A QEF ELECTION, A MARK-TO-MARKET ELECTION OR ANY OTHER ELECTION IS AVAILABLE AND THE CONSEQUENCES TO THEM OF ANY SUCH ELECTION, AND THE IMPACT OF ANY PROPOSED OR FINAL PFIC TREASURY REGULATIONS.

Jersey Tax Considerations

This summary of Jersey taxation issues can only provide a general overview of this area and it is not a description of all the tax considerations that may be relevant to a decision to invest in our Class A ordinary shares. The following summary of the anticipated treatment of Waldencast plc and holders of Class A ordinary shares (other than residents of Jersey) is based on Jersey taxation law and practice as it is understood to apply at the date of this document and may be subject to any changes in Jersey law occurring after such date. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice (including such tax law and practice as it applies to any land or building situate in Jersey). Legal advice should be taken with regard to individual circumstances. Prospective investors in our Class A ordinary shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Waldencast plc common stock under the laws of any jurisdiction in which they may be liable to taxation.

Shareholders should note that tax law and interpretation can change and that, in particular, the levels and basis of, and reliefs from, taxation may change and may alter the benefits of investment in our Class A ordinary shares.

Any person who is in any doubt about their tax position or who is subject to taxation in a jurisdiction other than Jersey should consult their own professional adviser.

Company Residence

Under the Income Tax (Jersey) Law 1961 (as amended) ("Tax Law"), a company shall be regarded as resident in Jersey if it is incorporated under the Jersey Companies Law unless:

- its business is centrally managed and controlled outside Jersey in a country or territory where the highest rate at which any company may be charged to tax on any part of its income is 10% or higher; and
- the company is resident for tax purposes in that country or territory.

We are resident for tax purposes in Jersey and subject to tax in Jersey.

Summary

Under current Jersey law, there are no capital gains, capital transfer, gift, wealth or inheritance taxes, or any death or estate duties. No capital or stamp duty is levied in Jersey on the issue, conversion, redemption, or transfer of ordinary shares. On the death of an individual holder of ordinary shares (whether or not such individual was domiciled in Jersey), duty at rates of up to 0.75% of the value of the relevant ordinary shares may be payable on the registration of any Jersey probate or letters of administration which may be required in order to transfer, convert, redeem, or make payments in respect of, ordinary shares held by a deceased individual sole shareholder, subject to a cap of £100,000.

Income Tax

The general rate of income tax under the Tax Law on the profits of companies regarded as resident in Jersey or having a permanent establishment in Jersey is 0% ("zero tax rating"), though certain exceptions from zero tax rating might apply.

Withholding Tax

For so long as we are subject to a zero tax rating, or are deemed to be resident for tax purposes in Jersey, no withholding in respect of Jersey taxation will be required on payments in respect of our Class A ordinary shares to any holder of our Class A ordinary shares not resident in Jersey.

Stamp Duty

In Jersey, no stamp duty is levied on the issue or transfer of our Class A ordinary shares except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer ordinary shares on the death of a holder of such ordinary shares if such holder was entered as the holder of the shares on the register maintained in Jersey. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the estate (wherever situated in respect of a holder of ordinary shares domiciled in Jersey, or situated in Jersey in respect of a holder of ordinary shares domiciled outside Jersey) and is payable on a sliding scale at a rate of up to 0.75% on the value of an estate up to a maximum stamp duty charge of £100,000. The rules for joint holders through a nominee are different and advice relating to this form of holding should be obtained from a professional adviser.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there otherwise estate duties.

Goods and Services Tax

Pursuant to the Goods and Services Tax (Jersey) Law 2007 ("GST Law"), a tax rate which is currently 5% applies to the supply of goods and services ("GST"), unless the supply is regarded as exempt or zero rated, or the relevant supplier or recipient of such goods and services is registered as an "international services entity."

A company must register for GST if its turnover is greater than £300,000 in any 12-month period, and will then need to charge GST to its customers. Companies can also choose to register voluntarily.

A company may apply to be registered as an International Services Entity ("ISE") if it mainly serves non-Jersey residents. By virtue of a company being an ISE, it will not have to register for GST, will not charge GST on its supplies, and will not be charged GST on its purchases.

We will be an ISE within the meaning of the GST Law, as we satisfy the requirements of the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008, as amended. As long as we continue to be such an entity, a supply of goods or of a service made by or to us shall not be a taxable supply for the purposes of the GST Law.

Substance Legislation

With effect from January 1, 2019, Jersey has implemented legislation to meet EU demands for companies to have substance in certain circumstances. Broadly, part of the legislation is intended to apply to holding companies managed and controlled in Jersey. As we are tax resident in Jersey, this legislation applies to us on this basis.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

The Company is subject to certain of the informational filing requirements of the Exchange Act. Since the Company is a "foreign private issuer," the Company is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act, with respect to their purchase and sale of our shares. In addition, the Company is not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we are required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm. The Company may, but is not required, to furnish to the SEC, on Form 6-K, unaudited financial information after each of our first three fiscal quarters. Information filed with or furnished to the SEC by us will be available on our website. The SEC also maintains a website at *http://www.sec.gov* that contains reports and other information that we file with or furnish electronically with the SEC. You may read and copy any report or document we file, including the exhibits, at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to certain market risks in the ordinary course of its business, including fluctuations in interest rates, foreign exchange and inflation. Currently, these risks are not material to the Company's financial condition or results of operations, but they may be in the future.

Further information regarding quantitative and qualitative disclosure about market risk is included in "Item 4. Information on the Company—B. Business Overview" of this Report.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Warrants

As of December 31, 2023 (Successor Period) there were 11,499,950 warrants that had been issued in our initial public offering outstanding (the "Public Warrants"). The Public Warrants entitle the holder to purchase one Waldencast plc Class A ordinary share at an exercise price of $11.50 per share. The Public Warrants will expire on July 27, 2027 (i.e., five years after the completion of the Business Combination), at 5:00 p.m., New York City time, or earlier upon redemption or liquidation in accordance with their terms. As of December 31, 2023 (Successor Period) there were also 18,033,332 private placement warrants held by Beauty Ventures, Burwell as trustee of Burwell, and Zeno Investment Master Fund. The private placements warrants are identical to the Public Warrants in all material respects.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None/not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None/not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

Disclosure controls and procedures, pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act, are required to be designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that information relating to the Company is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2023 (Successor Period) (the end of the period covered by this Report). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of December 31, 2023 (Successor Period) were not effective because of material weaknesses in internal control over financial reporting as described below.

B. Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our management evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was ineffective as of December 31, 2023 (Successor Period), due to the material weaknesses in our internal control over financial reporting described below.

Material Weaknesses

A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

As previously reported in the Company's Annual Report on Form 20-F as filed with the SEC on January 16, 2024, and due to the restatements of the periods of December 31, 2020 (Predecessor Period) and 2021 (Predecessor Period) management of the Company had identified material weaknesses primarily related to controls around the accounting process. As described below under "Remediation Plan," we continue to enhance our processes and procedures to identify and appropriately apply applicable accounting requirements to better evaluate and understand the nuances of the complex accounting standards that apply to our financial statements. Our remediation efforts regarding this material weakness remain ongoing.

We identified material weaknesses in our internal control over financial reporting when considering the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013 Framework). Based upon the conclusions of our Chief Executive Officer and Chief Financial Officer, we have concluded that we have material weaknesses in each of the components of the 2013 Framework due to a lack of

sufficient controls around the Company's Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring of controls. The material weaknesses identified were caused by the following:

a. *Insufficient Segregation of Duties and Review Procedures*: Control deficiencies were identified in segregation of duties and more specifically the lack of review and approval of manual journal entries. The Company identified that certain journal entries were either not reviewed or lacked the necessary supporting details for a reviewer to critically evaluate the accuracy of the entry.

b. *Insufficient Resources with Appropriate level of Understanding of Generally Accepted Accounting Principles ("GAAP"):* There was an insufficient number of personnel with an appropriate level of GAAP knowledge and experience to create the proper environment for effective internal control over financial reporting, with an emphasis on the sufficient understanding of ASC 606, *Revenue from Contracts with Customers*, and to ensure that (a) the consolidated financial statements were prepared timely and accurately, (b) there were adequate processes for oversight, (c) there was accountability for the performance of internal control over financial reporting responsibilities, and (d) corrective activities were appropriately applied, prioritized, and implemented in a timely manner.

c. *Policies and Procedures*: There was a lack of sufficient policies and procedures in place for the Obagi reporting segment to ensure that all relevant information was provided by former Obagi management to Company management to ensure the segment results portrayed an accurate picture of the financial position of the segment. There was also insufficient monitoring of the internal control environment of the Company, and the Company did not perform an appropriate risk assessment to design control activities to be responsive to risks of material misstatement. The Company additionally did not have a formal delegation of authority in place allowing for the appropriate monitoring of material financial and business decisions nor have processes in place to monitor the control environment to ensure that the financial statements were accurate and complete.

Remediation Plan and Status

Management has been actively engaged in remediation efforts to address the material weaknesses identified above. We have been making enhancements to our control environment throughout 2023 and to date by improving oversight, communication of expectations and emphasizing the importance of internal controls. In addition, we made improvements to the level of detail in our risk assessment including the linkage between risks and internal controls. We plan to continue improving upon the design of our internal controls over financial reporting and the timeliness of those procedures during the calendar year-ended December 31, 2024 and beyond. We have made progress towards addressing the material weaknesses by implementing processes to better identify, document, and assess systems and information used when performing internal controls, including the enhancement of established accounting policies, procedures and controls. The remediation efforts also include:

a. hiring additional qualified accounting, finance and legal personnel, to provide additional capacity and expertise to enhance our accounting and reporting review procedures;

b. engaging consultants to provide additional technical accounting expertise;

c. engaging third-party specialists to help assess and document our internal controls for complying with Sarbanes-Oxley Act of 2002;

d. engaging third-party specialists with whom we consult regarding complex accounting applications; and

e. identifying relevant controls and establishing clear roles, responsibilities and segregation of duties, including supervisory reviews performed by our financial management team at an appropriate level based upon our risk assessment.

In addition to the above, during fiscal year-ended December 31, 2023 (Successor Period), the Company also (1) hired a new seasoned executive leadership team at Obagi including a new President, Chief Financial Officer and Chief Marketing Officer (2) reinforced the senior leadership team based in Southeast Asia with the appointment of a new President and Chief Financial Officer and (3) reinforced its legal and finance functions by hiring a new General Counsel and Senior Vice President of Accounting. Management continues to be closely involved in monitoring the Obagi segment of the business.

While we had begun implementing the activities noted above, management has concluded that the material weaknesses were not remediated as of December 31, 2023 (Successor Period).

Notwithstanding the identified material weaknesses, management has concluded that the consolidated financial statements included in this Report present fairly, in all material respects, our financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

C. Attestation Report of the Registered Public Accounting Firm

Because we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting for so long as we are an emerging growth company.

D. Changes in Internal Control over Financial Reporting

Other than as described above and under "Remediation Plan," there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the fiscal year-ended December 31, 2023 (Successor Period), which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board has determined that each of the members of the audit committee qualifies as independent under the Nasdaq rules applicable to members of our Board generally and under the Nasdaq rules and Exchange Act Rule 10A-3 specific to audit committee members and that each of the members of the audit committee meets the requirements for financial sophistication under the applicable Nasdaq rules. In addition, our Board has determined that Juliette Hickman qualifies as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K.

ITEM 16B. CODE OF ETHICS

We have a code of ethics and business conduct that applies to all of our directors, officers and employees. The code of ethics is available on our website, www.waldencast.com. The information on or available through our website is not deemed incorporated in this Report and does not form part of this Report. We intend to make any legally required disclosures regarding amendments to, or waivers of, the provisions of its code of ethics on our website rather than by filing a Current Report on Form 6-K.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

For the Successor Period (July 28, 2022 to December 31, 2023), Deloitte & Touche LLP ("Deloitte") has served as the Company's independent registered public accounting firm. For the Predecessor Periods, Deloitte served as Obagi's independent registered public accounting firm. The following table sets out the aggregate fees for professional audit services and other services rendered by Deloitte for each of the periods presented.

	Successor (Waldencast)		Predecessor (Obagi)	
(In thousands)	Year ended December 31, 2023	Period from July 28, 2022 to December 31, 2022	From January 1, 2022 to July 27, 2022	Year ended December 31, 2021
Audit fees (1)	$ 2,866	$ 950	$ 513	$ 187
Audit-related fees	—	380	1,089	706
Tax fees (2)	459	179	136	273
Total fees	$ 3,325	$ 1,509	$ 1,738	$ 1,166

(1) Audit fees consist of professional services provided in connection with the audit of our annual financial statements and other audit or interim review services provided in connection with regulatory filings or engagements.

(2) Tax fees consist of fees for professional services for tax compliance, tax advice, and tax audits.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None/not applicable.

ITEM 16E. ISSUER PURCHASES OF EQUITY SECURITIES

None/not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANTS

None/not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a foreign private issuer, we are not subject to all of the corporate governance requirements applicable to public companies organized within the U.S. For example, we are exempt from certain rules under the Exchange Act that regulate disclosure obligations and procedural requirements related to the solicitation of proxies, consents or authorizations applicable to a security registered under the Exchange Act, including the U.S. proxy rules under Section 14 of the Exchange Act (including the requirement applicable to emerging growth companies to disclose the compensation of our Chief Executive Officer and the other two most highly compensated executive officers on an individual, rather than an aggregate, basis). In addition, our officers and directors are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and related rules with respect to their purchases and sales of our securities. Moreover, while we submit quarterly interim consolidated financial data to the SEC under cover of the SEC's Form 6-K, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. public companies and are not required to file quarterly reports on Form 10-Q or current reports on Form 6-K under the Exchange Act. We also are exempt from the requirements to obtain shareholder approval for certain issuances of securities, including shareholder approval of share option plans. In addition, as a foreign private issuer, we are exempt from the provisions of Regulation FD, which prohibits issuers from making selective disclosure of material nonpublic information.

We were incorporated under the laws of Jersey and our corporate governance practices are governed by applicable Jersey law, including the provisions of the Jersey Companies Law, and the Constitutional Document. In addition, because our securities are listed on The Nasdaq Capital Market, we are subject to Nasdaq's corporate governance listing standards.

Rule 5615(a)(3) of the Rules permits a foreign private issuer like us to follow home country practices in lieu of certain requirements of Listing Rule 5600, provided that such foreign private issuer discloses in its annual report filed with the SEC each requirement of Rule 5600 that it does not follow and describes the home country practice followed in lieu of such requirement.

We currently follow our home country practice in lieu of the requirements of the 5600 Series of the Rules to be exempt from the requirements as follows: (i) Rule 5620(a) of the Rules which provides that (with certain exceptions not relevant to the conclusions expressed herein) each company listing common stock or voting preferred stock, and their equivalents, shall hold an annual meeting of shareholders no later than one year after the end of the company's fiscal year-end; (ii) Rule 5635(c) of the Rules which sets forth the circumstances under which shareholder approval is required prior to an issuance of securities of the Company in connection with equity-based compensation of officers, directors, employees or consultants; (iii) Rule 5635(d) of the Rules which sets forth the circumstances under which shareholder approval is required prior to an issuance of securities, other than in a public offering, equal to 20% or more of the voting power outstanding at a price less than the lower of: (x) the Nasdaq Official Closing Price (as reflected on Nasdaq.com) immediately preceding the signing of the binding agreement; or (y) the average Nasdaq Official Closing Price of the common stock (as reflected on Nasdaq.com) for the five trading days immediately preceding the signing of the binding agreement; and (iv) Rule 5250(b)(3) of the Rules which requires disclosure of third-party director and nominee compensation.

If we choose to follow additional home country practice in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq corporate governance requirements applicable to U.S. domestic issuers. See "Item 3. Key Information—Risk Factors—Risks Related to our Organization and Corporate Structure—*As a public limited company incorporated under the laws of Jersey, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from Nasdaq corporate governance listing standards.*

These practices may afford less protection to securityholders than they would enjoy if we complied fully with Nasdaq corporate governance listing standards."

ITEM 16H. MINE SAFETY DISCLOSURES

None/not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None/not applicable.

ITEM 16J. INSIDER TRADING POLICY

We have adopted an Insider Trading Policy that applies to all directors, officers and employees of Waldencast and (a) their spouses, minor children, adult family members sharing the same house, and (b) any other person or entity over whom a person subject to the policy has substantial influence or control when it relates to decisions to purchase or sell securities. The Insider Trading Policy, which applies to any purchases and sales of our securities (including ordinary shares, warrants, shares issued under stock options, RSUs or other equity awards, and if we ever issue them preferred shares, bonds or debt securities or convertible debentures and warrants) is designed to promote compliance with applicable insider trading laws, rules and regulations, and the Nasdaq listing standards. The foregoing description of the Insider Trading Policy is not complete and is subject to and qualified in its entirety by reference thereto, a copy of which is filed as Exhibit 4.15 to this Report and the terms of which are incorporated by reference herein.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We regularly assess risks from cybersecurity threats; monitor our information systems for potential vulnerabilities; and review our cybersecurity policies, processes, and practices. To protect our information systems from cybersecurity threats, we use a suite of security and business continuity tools that are designed to help us proactively identify, monitor, escalate, investigate, resolve, and recover from security incidents in a timely manner. Our cybersecurity training and testing program ensures awareness and knowledge of cybersecurity best practices purvey all departments. Our Information Technology Department in connection with management and legal assesses risks based on probability and potential impact to key business systems and processes. To optimize our cybersecurity risk management, we actively collaborate with external consultants who bring expertise in tools and strategies.

Cybersecurity threats have not materially affected our Company to date, including our business strategy, results of operations, or financial condition. We do not believe that cybersecurity threats resulting from any previous cybersecurity incidents of which we are aware are reasonably likely to materially affect our Company. Refer to the risk factor captioned *"We are dependent on information technology systems and infrastructure; if we, or the third parties we rely on, fail to protect sensitive information of our consumers and information technology systems against security breaches, it could damage our reputation and brand and substantially harm our business"* in Part I, Item 3. "Risk Factors" for additional description of cybersecurity risks and potential related impacts on our Company.

Governance

Our board of directors oversees our risk management process, including as it pertains to cybersecurity risks, directly and through its committees. The Audit Committee of the board oversees our risk management program, which focuses on the most significant risks we face. Audit Committee meetings include discussions of specific risk areas throughout the year, including, among others, those relating to cybersecurity threats.

We take a risk-based approach to cybersecurity and have implemented cybersecurity policies throughout our operations that are designed to address cybersecurity threats and incidents.

PART III

ITEM 17. FINANCIAL STATEMENTS

See "Item 18. Financial Statements."

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements and the related notes required by this Item are included in this annual report on Form 20-F beginning on page F-1.

ITEM 19. EXHIBITS

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
1.1	Memorandum and Articles of Association of Waldencast plc. (incorporated by reference to Exhibit 1.1 to the Report on Form 20-F (Reg. No. 001-40207), filed with the SEC on August 3, 2022).
2.1+	Specimen ordinary share certificate of Waldencast plc (incorporated by reference to Exhibit 4.5 to Amendment No. 3 to the Registration Statement on Form F-4 (Reg. No. 333-262692), filed with the SEC on April 27, 2022).
2.3	Warrant Agreement, dated March 15, 2021, between Waldencast Acquisition Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (Reg. No. 001-40207), filed with the SEC on March 18, 2021).
2.4	Amendment to Warrant Agreement, dated as of December 1, 2022, by and among Waldencast plc, Continental Stock Transfer & Trust Company, and American Stock Transfer & Trust Company, LLC.
4.1	Agreement and Plan of Merger, dated as of November 15, 2021, by and among the Company, Merger Sub and Obagi (incorporated by reference to Annex A to Amendment No. 7 to the Registration Statement on Form F-4 (Reg. No. 333-262692), filed with the SEC on July 1, 2022).
4.2	Equity Purchase Agreement, dated as of November 15, 2021, by and among the Company, Waldencast LP, Holdco Purchaser, Milk, the Milk Members and the Equityholder Representative (incorporated by reference to Exhibit 2.2 to Amendment No. 1 to the Current Report on Form 8-K (Reg. No. 001-40207), filed with the SEC on November 17, 2021).
4.3	Form of Subscription Agreement, by and between the Company and the undersigned subscriber party thereto (incorporated by reference to Exhibit 10.1 to Amendment No. 1 to the Current Report on Form 8-K (Reg. No. 001-40207), filed with the SEC on November 17, 2021).
4.4	Amended and Restated Registration Rights Agreement, by and among the Company, the Sponsor, certain former shareholders of Obagi and certain former members of Milk (incorporated by reference to Exhibit 4.8 to the Report on Form 20-F (Reg. No. 001-40207), filed with the SEC on August 3, 2022).
4.5	Waldencast plc 2022 Incentive Award Plan (incorporated by reference to Exhibit 4.9 to the Report on Form 20-F (Reg. No. 001-40207), filed with the SEC on August 3, 2022).

4.6*	Form of Indemnification Agreement between Waldencast and each of its executive officers and directors.
4.7	Forward Purchase Agreement, dated February 22, 2021, by and among the Company, the Sponsor and Zeno Investment Master Fund (f/k/a Dynamo Master Fund) (incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-1 (Reg. No. 333-253370), filed with the SEC on February 22, 2021).
4.8	Forward Purchase Agreement, dated March 1, 2021, between the Company and Beauty Ventures (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to the Registration Statement on Form S-1 (Reg. No. 333-253370), filed with the SEC on March 1, 2021).
4.9	Assignment, Assumption and Joinder Agreement to the Forward Purchase Agreement, dated December 20, 2021, between the Sponsor and Burwell Mountain Trust (incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K (Reg. No. 001-40207), filed with the SEC on December 22, 2021).
4.10	Investor Rights Agreement, by and among the Company, Cedarwalk Skincare Ltd., the Sponsor and CWC Skincare Ltd., the guarantor of Cedarwalk Skincare Ltd.'s obligations thereunder (incorporated by reference to Exhibit 10.28 to the Registration Statement on Form F-4 (Reg No. 333-262692), filed with the SEC on February 14, 2022.
4.11	Credit Agreement, dated June 24, 2022, by and among Waldencast Finco Limited, Waldencast Partners LP, as the parent guarantor, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 4.31 to the Report on Form 20-F (Reg. No. 001-40207), filed with the SEC on August 3, 2022).
4.12	Waiver and Agreement, dated as of July 25, 2022, by and between Waldencast Acquisition Corp. and Burwell Mountain PTC LLC, as trustee of Burwell Mountain Trust (incorporated by reference to Exhibit 4.32 to the Report on Form 20-F (Reg. No. 001-40207), filed with the SEC on August 3, 2022).
4.13	Second Amendment and Waiver to the Credit Agreement, dated September 15, 2023, by and among Waldencast Finco Limited, Waldencast Partners LP, as the parent guarantor, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 99.3 to the Report on Form 6-K (Reg. No. 001-40207), filed with the SEC on September 18, 2023).
4.14	Form of Subscription Agreement, by and between the Company and the undersigned subscriber party thereto (incorporated by reference to Exhibit 99.2 to the Report on Form 6-K (Reg. No. 001-40207), filed with the SEC on September 18, 2023).
4.15	Insider Trading Policy
4.16	Waldencast plc 2022 Inducement Incentive Award Plan (incorporated by reference to Exhibit 99.4 to the Registration Statement on Form S-8 (Reg. No. 333-268108), filed with the SEC on November 1, 2022).
4.17*	Third Amendment to the Credit Agreement, dated April 26, 2024, by and among Waldencast Finco Limited, Waldencast Partners LP, as the parent guarantor, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent
8.1*	Subsidiaries of Waldencast plc.

12.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
12.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
13.1*	Certification of the Principal Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
13.2*	Certification of the Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of Independent Registered Public Accounting Firm
97.1*	Waldencast plc Supplemental Executive Officer Clawback Policy
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (embedded as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

\+ Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K on the basis that the Company customarily and actually treats that information as private or confidential and the omitted information is not material.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this report on its behalf.

WALDENCAST PLC

April 30, 2024

By: /s/ Manuel Manfredi

Name: Manuel Manfredi

Title: Chief Financial Officer and Principal Financial Officer

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of [date] by and between Waldencast plc, a public limited liability company incorporated under the laws of Jersey (the "Company"), and [name], [an officer][a director] of the Company ("Indemnitee"). This Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering indemnification and advancement.

RECITALS

WHEREAS, the board of directors of the Company (the "Board") believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors or officers unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Memorandum and Articles of Association (the "Articles") of the Company require indemnification of the directors and officers of the Company. The Articles do not expressly provide that the indemnification provisions set forth therein are exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board and/or officers with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company, subject to the Companies (Jersey) Law 1991, as amended (the "Law") (including, but not limited to, the Law and any amendments to or replacements of the Law adopted after the date of this Agreement that expand the Company's ability to indemnify its directors), to contractually obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Articles and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Articles and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as a director or officer without adequate additional protection, and the Company desires Indemnitee to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as an officer or director of the Company. Indemnitee may, at any time and for any reason, resign from such position (subject to any other contractual obligation or any

obligation, including any fiduciary duty, imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise (as defined herein)) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Shares by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative beneficial ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board. During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv) of this Agreement) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the shareholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined herein), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

1 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

2 "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; *provided*, *however*, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of shares of the Company.

3 "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; *provided*, *however*, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the shareholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(d) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) “Enterprise” means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) “Expenses” includes all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) of this Agreement only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, by litigation or otherwise. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(h) The term “Proceeding” includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise arising out of (i) Indemnitee’s Corporate Status, (ii) any action taken by Indemnitee (or a failure to take action by Indemnitee) or (iii) any action (or failure to act) on Indemnitee’s part while acting pursuant to Indemnitee’s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee’s conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee

reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless subject to applicable law, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding to the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. To the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5 of this Agreement, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including, but not limited to, the Law and any amendments to or replacements of the Law adopted after the date of this Agreement that expand the Company's ability to indemnify its directors or officers) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 15(b) of this Agreement and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of applicable law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board

authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee's rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 of this Agreement or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee's failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement to the extent such delay does not adversely impact the Company. The Secretary of the Company will, promptly upon receipt of such a request for indemnification or advancement, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made:

i. by a majority vote of the Disinterested Directors;

ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors;

iii. if there are no such Disinterested Directors or, if the number of Disinterested Directors is less than a quorum of the Board or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or

iv. if so directed by the Board, by the shareholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee's entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board).

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; *provided*, *however*, that such objection may be asserted only on the ground that the Independent Counsel so selected

does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court of Chancery has determined that such objection is without merit. If, within 30 days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) of this Agreement and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court of Chancery for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will, subject to applicable law, advance and pay any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee's entitlement to indemnification and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied, and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If, subject to applicable law, it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within thirty (30) days after such determination.

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee's entitlement to indemnification has not been made pursuant to Section 12 of this Agreement within sixty (60) days after the later of (i) receipt by the Company of Indemnitee's request for indemnification pursuant to Section 11(a) of this Agreement and (ii) the final disposition of the Proceeding for which Indemnitee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; *provided* that the Determination Period may be extended an additional fifteen (15) days if the determination of entitlement to indemnification is to be made by the shareholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed

to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) is not exclusive and does not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee's right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within 30 days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder. Alternatively, Indemnitee, at Indemnitee's option, or the Company, at the Company's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee or the Company, as applicable, must commence such Proceeding seeking an adjudication or an award in arbitration within one hundred and eighty (180) days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 14(a); *provided*, *however*, that the foregoing clause does not apply in respect of a Proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 5 of this Agreement. The Company will not oppose Indemnitee's right, and Indemnitee will not oppose the Company's right, to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within thirty (30) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, Indemnitee's right to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company, and will indemnify Indemnitee against any and all such Expenses unless the court determines that each of the Indemnitee's claims in such action were made in bad faith or were frivolous or are prohibited by law.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are neither mutually exclusive and together or separately are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Articles, any agreement, a vote of shareholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee's Corporate Status occurring prior to any amendment, alteration or repeal of this Agreement. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Articles or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies.

(c) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee's Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. Notwithstanding anything to the contrary in this Agreement, the Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise. The Company's obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee's Corporate Status with such Enterprise.

(d) Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 16. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to have a Corporate Status or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director or officer of

the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 17. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 18. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification and advancement in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company shareholders or disinterested directors, or applicable law.

Section 19. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided*, *however*, that this Agreement is a supplement to and in furtherance of the Articles and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 22. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Waldencast plc
10 Bank Street, Suite 560
White Plains, NY 10606

Attention: Michel Brousset
Email: michel.brousset@waldencast.com

with a copy, which shall not constitute notice, to:

Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, New York 10001
Attention: Paul T. Schnell
Maxim Mayer-Cesiano
Email: paul.schnell@skadden.com
maxim.mayercesiano@skadden.com

or to any other address as may have been furnished to Indemnitee by the Company.

Section 23. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 24. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any other country, provided that if, and only if, the Delaware Court of Chancery lacks jurisdiction, the parties agree that any such action or Proceeding may be brought in any state or federal court in the State of Delaware, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery (or, if applicable, any other state or federal court in the State of Delaware) for purposes of any action or Proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or Proceeding in the Delaware Court of Chancery (or, if applicable, any other state or federal court in the State of Delaware), and (iv) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Delaware Court of Chancery (or, if applicable, any other state or federal court in the State of Delaware) has been brought in an improper or inconvenient forum.

Section 25. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 26. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

Waldencast plc

By: _____

Name:

Title:

Indemnitee

By: _____

Name:

Address: c/o Waldencast plc
10 Bank Street, Suite 560
White Plains, NY 10606

THIRD AMENDMENT AND WAIVER TO CREDIT AGREEMENT, dated as of April 26, 2024 (this "Third Amendment"), among Waldencast Partners LP, an exempted limited partnership formed and registered in the Cayman Islands ("Parent Guarantor"), Waldencast Finco Limited, a private company incorporated under the laws of Jersey with registered number 143249 (the "Borrower"), the lenders party hereto (the "Lenders") constituting the Required Lenders, and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined in this Third Amendment shall have the meanings assigned to such terms in the Credit Agreement (as defined below).

WHEREAS, the Borrower, Parent Guarantor, the Lenders from time to time party thereto and the Administrative Agent entered into that certain Credit Agreement, dated as of June 24, 2022 (as amended by that certain Technical Amendment to Credit Agreement, dated as of September 23, 2022, that certain Waiver and Consent to Credit Agreement, dated as of May 31, 2023, that certain Second Waiver and Consent to Credit Agreement, dated as of June 30, 2023, that certain Third Waiver and Consent to Credit Agreement, dated as of August 15, 2023, that certain Second Amendment to the Credit Agreement, dated as of September 15, 2023, that certain Waiver and Consent to Credit Agreement, dated as of December 29, 2023 and as further amended, restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Credit Agreement"; and as further amended by this Third Amendment, the "Amended Credit Agreement");

WHEREAS, the Borrower has requested that the Lenders consent to waive any Default or Event of Default that has resulted (or would result) solely from non-compliance with the requirements of Section 6.11 of the Credit Agreement with respect to the fiscal quarter ending on September 30, 2023 and December 31, 2023 (the "Specified Defaults");

WHEREAS, pursuant to Section 9.02(b) of the Credit Agreement, Parent Guarantor, the Borrower, the Administrative Agent and the Lenders party hereto constituting the Required Lenders have agreed, subject to the terms and conditions hereof, to waive the Specified Defaults;

WHEREAS, the Borrower has notified the Administrative Agent (which notice is deemed to be compliant with Section 2.09(c) by execution of this Third Amendment), that it desires to reduce the Revolving Commitments on the Third Amendment Effective Date by an aggregate principal amount of $5,000,000.00;

WHEREAS, the Borrower, the Lenders and the Administrative Agent have agreed to amend the Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. AMENDMENTS.

(a) The Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~**stricken text**~~) and to add the double-underlined text (indicated textually in the same manner as the following example: **double-underlined text**) as set forth in Exhibit A attached hereto and, pursuant to and in accordance with the terms and conditions set forth in this Third Amendment and the Credit Agreement.

(b) Exhibit E to the Credit Agreement is hereby amended and restated in its entirety and replaced with the form attached hereto as Exhibit B.

(c) Schedule 2.01A to the Credit Agreement is hereby amended and restated in its entirety and replaced with the form attached hereto as Schedule 2.01A.

SECTION 2. WAIVER.

(a) Subject to the satisfaction of the conditions set forth in Section 5 hereof, and in reliance on the representations and warranties set forth in Section 4 below, the Lenders party hereto constituting the Required Lenders hereby waive the Specified Defaults.

(b) Without limiting the generality of any provision of the Amended Credit Agreement, the waivers set forth in clause (a) above shall be limited precisely as written and relate solely to the applicable referenced sections of the Amended Credit Agreement in the manner and to the extent described above, and nothing in this Third Amendment shall be deemed to (i) constitute a waiver of compliance by the Parent Guarantor or the Borrower or amendment with respect to any other term, provision or conditions of the Amended Credit Agreement or any other Loan Document, or any other instrument or agreement referred to therein, (ii) waive any other existing or future Default or Event of Default or (iii) prejudice any right or remedy that the Administrative Agent or any Lender may now have or may have in the future under or in connection with the Amended Credit Agreement or any other Loan Document, or any other instrument or agreement referred to therein (all of which rights and remedies are expressly reserved). The waivers set forth in clause (a) above shall be effective only in this specific instance and for the specific purpose for which such waiver is given. This Third Amendment shall not entitle the Parent Guarantor or the Borrower to any other or further waiver in any similar or other circumstances.

SECTION 3. REDUCTION IN REVOLVING COMMITMENTS. Pursuant to Section 2.09(c) of the Credit Agreement, the Borrower hereby gives notice to the Administrative Agent of its election to reduce the Revolving Commitments in the amount of $5,000,000, effective as of the date of this Third Amendment, as provided for in the form attached hereto as Schedule 2.01A. By signing this Third Amendment, the Administrative Agent and the Required Lenders shall be deemed to have waived any requirement of prior notice required by Section 2.09(b) of the Credit Agreement.

SECTION 4. REPRESENTATIONS AND WARRANTIES. The Parent Guarantor and the Borrower each hereby represents that as of the Third Amendment Effective Date, after giving effect to this Third Amendment, (x) each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents is true and correct in all material respects (provided that, any representation and warranty that is qualified by Material Adverse Effect or other materiality qualifier shall be true and correct in all respects) as of such date except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, in the case of any representation or warranty qualified by Material Adverse Effect or other materiality qualifier, in all respects) as of such earlier date and (y) no Default or Event of Default has occurred and is continuing.

SECTION 5. CONDITIONS TO EFFECTIVENESS OF THIRD AMENDMENT. This Third Amendment shall become effective on and as of the date (the "Third Amendment Effective Date") of satisfaction of the following conditions:

(a) the Administrative Agent shall have received executed counterparts of this Third Amendment from the Parent Guarantor, the Borrower, the Administrative Agent and the Lenders constituting the Required Lenders;

(b) the representations and warranties set forth in Section 4 hereof shall be true and correct;

(c) the Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Third Amendment Effective Date, including, to the extent invoiced at least two (2) Business Days prior to the Third Amendment Effective Date, reimbursement or payment of all reasonable and documented out of pocket expenses required to be reimbursed or paid by any Loan Party under any Loan Document.

SECTION 6. ENGAGEMENT OF FINANCIAL ADVISOR. The Parent Guarantor and the Borrower agree that the Administrative Agent reserves the right to engage or cause to be engaged (in each case, at the sole expense of the Borrower), on behalf of the Administrative Agent and the Lenders, a financial advisor reasonably acceptable to the Administrative Agent on terms and conditions acceptable to the Administrative Agent and the Borrower (each such acceptance not to be unreasonably objected to or withheld), to the extent the Administrative Agent deems appropriate in its reasonable discretion. In connection with the foregoing and to the extent necessary, the Borrower agrees to execute a customary engagement letter with such financial advisor for expense reimbursement and indemnification purposes, and setting forth the services to be provided by the financial advisor and the fees to be paid by the Borrower in connection with such engagement. Subject to the terms of the engagement letter, the Parent Guarantor and the Borrower shall provide such financial advisor with reasonable access to any documents and information related to such engagement.

SECTION 7. CONTINUING EFFECT; NO NOVATION. Except as expressly amended, waived or modified hereby, the Loan Documents shall continue to be and shall remain in full force and effect in accordance with their respective terms. This Third Amendment shall not constitute an amendment, waiver or modification of any provision of any Loan Document not expressly referred to herein and shall not be construed as an amendment, waiver or modification of any action on the part of the Borrower or the other Loan Parties that would require an amendment, waiver or consent of the Administrative Agent or the Lenders except as expressly stated herein, or be construed to indicate the willingness of the Administrative Agent or the Lenders to further amend, waive or modify any provision of any Loan Document amended, waived or modified hereby for any other period, circumstance or event. Except as expressly modified by this Third Amendment, Loan Documents are ratified and confirmed and are, and shall continue to be, in full force and effect in accordance with their respective terms. Except as expressly set forth herein, each Lender and the Administrative Agent reserves all of its rights, remedies, powers and privileges under the Credit Agreement, the other Loan Documents, applicable law and/or equity. Any reference to "this Agreement" in the Credit Agreement or the "Credit Agreement" in any Loan Document or any related documents shall be deemed to be a reference to the Credit Agreement as amended by this Third Amendment and the term "Loan Documents" in the Amended Credit Agreement and the other Loan Documents shall include this Third Amendment. Neither this Third Amendment nor the execution, delivery or effectiveness of this Third Amendment shall extinguish the obligations outstanding under the Credit Agreement. Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Credit Agreement, which shall remain in full force and effect. Nothing implied in this Third Amendment, the Amended Credit Agreement, the Collateral Documents, the other Loan Documents or in any other document contemplated hereby or thereby shall be construed as a release or other discharge of any of Borrower or any other Loan Party from any of its

obligations and liabilities as a "Borrower," "Parent Guarantor," "Guarantor," or "Loan Party," under the Credit Agreement or any other Loan Document. Each of the Credit Agreement, the Collateral Documents and the other Loan Documents shall remain in full force and effect, until (as applicable) and except to any extent expressly modified hereby.

SECTION 8. GOVERNING LAW. THIS THIRD AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 9. ENTIRE AGREEMENT. This Third Amendment, the Amended Credit Agreement and the other Loan Documents represent the entire agreement of the Loan Parties, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, any other Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the Amended Credit Agreement or the other Loan Documents.

SECTION 10. COUNTERPARTS. This Third Amendment may be signed in any number of counterparts (and by different parties hereto on different counterparts), each of which shall be an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Third Amendment that is an Electronic Signature transmitted by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Third Amendment. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Third Amendment, any document to be signed in connection herewith and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper based recordkeeping system, as the case may be; provided that, nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided further that, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Borrower without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature and (ii) upon the request of the Administrative Agent, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Borrower hereby (i) agrees that, for all purposes, including in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders, the Borrower and the other Loan Parties, Electronic Signatures transmitted by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Third Amendment shall have the same legal effect, validity and enforceability as any paper original, (ii) agrees that the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Third Amendment in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (iii) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Third Amendment based solely on the lack of paper original copies of this Third Amendment, including with respect to any signature pages thereto and (iv) waives any claim

against any Lender Related Person for any Liabilities arising solely from the Administrative Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page, including any Liabilities arising as a result of the failure of the Borrower to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

SECTION 11. HEADINGS. Section headings used in this Third Amendment are for convenience of reference only, are not part of this Third Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Third Amendment.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be executed and delivered by their duly authorized officers as of the date first written above.

WALDENCAST PARTNERS LP,
as the Parent Guarantor

By: /s/Michel Brousset
Name: Michel Brousset
Title: Sole Manager

WALDENCAST FINCO LIMITED,
as the Borrower

By: /s/ Michel Brousset
Name: Michel Brousset
Title: Director

JPMORGAN CHASE BANK, N.A.,
as the Administrative Agent and a Lender

By: /s/Lance Buxkemper
Name: Lance Buxkemper
Title: Executive Director

BANCO SANTANDER S.A.,
as a Lender

By: /s/Jose Maria Segovia
Name: Jose Maria Segovia
Title: Attorney

By: /s/Luz Lopez de Alda
Name: Luz Lopez de Alda
Title: Attorney

Exhibit A

Amended Credit Agreement

Exhibit B

Form of Compliance Certificate

[*Omitted.*]

Schedule 2.01A

COMMITMENTS

[*Omitted.*]

Page

CREDIT AGREEMENT
dated as of
June 24, 2022
among
WALDENCAST PARTNERS LP,
as Parent Guarantor,

WALDENCAST FINCO LIMITED,
as the Borrower,

The Lenders Party Hereto

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

and

Credit Suisse AG, New York Branch
as Documentation Agent

JPMORGAN CHASE BANK, N.A.,
Banco Santander, S.A.
and
Wells Fargo Securities, LLC ,
as Joint Bookrunners and Joint Lead Arrangers

Redline Waldencast - Credit Agreement (as amended by the Second Amendment) 2324969v9 and WALD - Credit Agreement (conformed through Third Amendment) 2412084v2 04/26/2024 1:14:08 PM

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SCHEDULES:

EXHIBITS:

Page

CREDIT AGREEMENT (this "Agreement") dated as of June 24, 2022, among WALDENCAST PARTNERS LP, an exempted limited partnership formed and registered in the Cayman Islands (the "Parent Guarantor"), acting through its sole general partner, OBAGI HOLDCO 1 LIMITED, a Jersey company incorporated with limited liability, WALDENCAST FINCO LIMITED, a private company incorporated under the laws of Jersey with registered number 143249 (the "Borrower") the LENDERS from time to time party hereto, and JPMORGAN CHASE BANK, N.A. ("JPMorgan"), as Administrative Agent.

WHEREAS, in connection with (a) that certain Agreement and Plan of Merger, dated as of November 15, 2021 (the "Obagi Merger Agreement") by and among Waldencast Acquisition Corp., a Cayman Islands exempted company limited by shares (which shall migrate and domesticate as a public limited company under the laws of Jersey prior to the Funding Date and be renamed Waldencast plc) ("Waldencast Acquisition Corp."), Obagi Merger Sub, Inc., a Cayman Islands exempted company limited by shares, and Obagi Global Holdings Limited, a Cayman Islands exempted company limited by shares ("Obagi") and (b) that certain Equity Purchase Agreement, dated as of November 15, 2021 (the "Milk Purchase Agreement" and, together with the Obagi Merger Agreement, collectively, the "Funding Date Acquisition Agreements" and each, individually, an "Funding Date Acquisition Agreement") by and among Waldencast Acquisition Corp., Obagi Holdco 1 Limited, a limited company incorporated under the laws of Jersey, the Parent Guarantor, Milk Makeup LLC, a Delaware limited liability company ("Milk" and together with Obagi, collectively, the "Targets" and each individually, a "Target"), the members of Milk party thereto and Shareholder Representative Services LLC, a Colorado limited liability company, the Parent Guarantor intends to, directly or indirectly, acquire (the "Funding Date Acquisitions") all of the Equity Interests of the Targets;

WHEREAS, in connection with the foregoing, the Borrower has requested that (i) the Lenders extend credit in the form of (a) Term Loans to the Borrower on the Funding Date, in an aggregate principal amount of $175,000,000 and (b) Revolving Loans made available to the Borrower at any time and from time to time on and after the Funding Date and prior to the Maturity Date in an aggregate principal amount at any time outstanding not in excess of $50,000,000 and (ii) the Issuing Banks issue Letters of Credit at any time and from time to time on and after the Funding Date and prior to the Maturity Date, in an aggregate principal face amount at any time outstanding not in excess of $7,500,000;

WHEREAS, the Borrower shall use the proceeds of the Term Loans, together with certain proceeds of Revolving Loans, if any, certain proceeds from the Trust Account (as defined in the Funding Date Acquisition Agreements), certain proceeds from the PIPE Investment (as defined in the Funding Date Acquisition Agreements), certain proceeds from the Forward Purchase Amount (as defined in the Funding Date Acquisition Agreements) and cash on hand at the Parent Guarantor, the Borrower, the Restricted Subsidiaries and Targets to (i) effect the Funding Date Acquisitions, (ii) consummate the Refinancing, (iii) pay the fees and expenses in connection with the consummation of the foregoing, and (iv) fund working capital and for general corporate purposes; and

WHEREAS, the Lenders are willing to make available to the Borrower the term loan and revolving credit described herein and the Issuing Banks are willing to issue Letters of Credit, in each case, upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR" when used in reference to any Loan or Borrowing, refers to such Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted Daily Simple SOFR" means an interest rate per annum equal to (a) the Daily Simple SOFR, plus (b) 0.10 %; provided that, if the Adjusted Daily Simple SOFR as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Adjusted Term SOFR Rate" means, for any Interest Period, an interest rate per annum equal to (a) the Term SOFR Rate for such Interest Period, *plus* (b) 0.10 %; provided that, if the Adjusted Term SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Administrative Agent" means JPMorgan Chase Bank, N.A. (or any of its designated branch offices or affiliates), in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent-Related Person" has the meaning assigned to such term in Section 9.03(d).

"Agreed Security Principles" means the provisions set forth on Schedule 5.11(a).

"Agreement" has the meaning assigned to such term in the introductory paragraph.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted Term SOFR Rate for a one month Interest Period as published two (2) U.S. Government Securities Business Days prior to such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that, for the purpose of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 5:00 a.m. Chicago time on such day (or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any

change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.14 (only until the Benchmark Replacement has been determined pursuant to Section 2.14(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. Notwithstanding the foregoing, f the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.0%, such rate shall be deemed to be 1.0 % for purposes of this Agreement.

"Ancillary Document" has the meaning assigned to such term in Section 9.06.

~~"Annualized EBITDA" means (a) with respect to the Measurement Period ending on September 30, 2023, Consolidated EBITDA for the fiscal quarter ending September 30, 2023 times four (4), (b) with respect to the Measurement Period ending on December 31, 2023, Consolidated EBITDA for the two (2) fiscal quarter periods then most recently ended times two (2) and (c) with respect to the Measurement Period ending on March 31, 2024, Consolidated EBITDA for the three (3) fiscal quarter periods then most recently ended times four-thirds (4/3).~~

~~"Annualized Interest Coverage Ratio" means, with respect to any Measurement Period ending on any of September 30, 2023, December 31, 2023 or March 31, 2024, the ratio of (a) Annualized EBITDA for the Parent Guarantor, the Borrower and the Restricted Subsidiaries for such Measurement Period to (b) Consolidated Interest Expense of the Parent Guarantor, the Borrower and the Restricted Subsidiaries for the most recently completed four fiscal quarters to the extent payable in cash.~~

"Anti-Corruption Laws" means any laws, rules and regulations of any jurisdiction applicable to the Parent Guarantor, the Borrower or any Restricted Subsidiary concerning or relating to bribery or corruption of public officials, including the U.S. Foreign Corrupt Practices Act of 1977, as amended.

"Anti-Money Laundering Laws" has the meaning assigned to such term in Section 3.24.

"Applicable Parties" has the meaning assigned to such term in Section 8.03(c).

"Applicable Percentage" means, with respect to any Lender, (a) with respect to Revolving Loans or LC Exposure, the percentage equal to a fraction the numerator of which is such Lender's Revolving Commitment and the denominator of which is the aggregate Revolving Commitments of all Revolving Lenders (if the Revolving Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Revolving Commitments most recently in effect, giving effect to any assignments); provided that, in the case of Section 2.21 when a Defaulting Lender shall exist, any such Defaulting Lender's Revolving Commitment shall be disregarded in the calculation and (b) with respect to the Term Loans, (x) prior to the initial funding hereunder on the Funding Date, a percentage equal to a fraction the numerator of which is such Lender's Term Loan Commitment and the denominator of which is the aggregate Term Loan Commitments of all Term Lenders (if the Term Loan Commitments have terminated or expired prior to the Funding Date, the Applicable Percentages shall be determined based upon the Term Loan Commitments most recently in effect, giving effect to any assignments) and (y), thereafter, a percentage equal to a fraction the numerator

of which is such Lender's outstanding principal amount of the Term Loans and the denominator of which is the aggregate outstanding principal amount of the Term Loans of all Term Lenders.

"Applicable Rate" means, for any day, with respect to any ABR Loan or Term Benchmark Loan (or, solely to the extent applicable following a Benchmark Replacement or otherwise pursuant to Section 2.14, any RFR Loan), or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "ABR Spread", "Term Benchmark Spread", "RFR Spread" or "Commitment Fee Rate", as the case may be:

	Term Benchmark Spread and RFR Spread	ABR Spread	Commitment Fee Rate
	3.50%	2.50%	0.50 %

"Approved Electronic Platform" has the meaning assigned to such term in Section 8.03(a).

"Approved Fund" has the meaning assigned to such term in Section 9.04(b).

"Arrangers" means each of JPMorgan Chase Bank, N.A., Banco Santander, S.A. and Wells Fargo Securities, LLC in its capacity as a joint bookrunner and a joint lead arranger hereunder.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form (including electronic records generated by the use of an electronic platform) approved by the Administrative Agent.

"ASU" has the meaning assigned to such term in Section 1.04(d).

"Attributable Indebtedness" means, on any date, in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP.

"Availability Period" means the period from and including the Funding Date to but excluding the earlier of the Maturity Date and the date of termination of the Revolving Commitments.

"Available Amount" means, as at any date of determination, an amount equal to (a) $10,000,000, plus (b) an amount, which shall not be less than zero, equal to (i) to the extent constituting income (rather than loss), 50% of Consolidated Net Income, or (ii) to the extent constituting loss (rather than income), 100% of Consolidated Net Income (it being understood that such any loss shall reduce rather than increase the Available Amount), in each case, for the period from the first day of the first full fiscal quarter commencing after the Funding Date to and including the last day of the most recently completed fiscal quarter with respect to which the Administrative Agent has received the Compliance

Certificate required to be delivered pursuant to Section 5.02(a), plus (c) to the extent received in cash in the initial issuance or incurrence, the net proceeds of issuances or incurrences of Indebtedness or Disqualified Equity Interests after the Funding Date of the Parent Guarantor, the Borrower or any Restricted Subsidiary owed or issued, as the case may be, to a Person other than the Parent Guarantor, the Borrower or any Restricted Subsidiary which shall have been subsequently exchanged for or converted into Equity Interests (other than Disqualified Equity Interests) of the Parent Guarantor at such time, plus (d) the net cash proceeds received by the Parent Guarantor, the Borrower and the Restricted Subsidiaries in respect of Dispositions (other than to the Parent Guarantor, the Borrower or any Restricted Subsidiary) of Investments made using the Available Amount, plus (e) returns received in cash or Cash Equivalents by the Parent Guarantor, the Borrower and the Restricted Subsidiaries on Investments made using the Available Amount (including Investments in Unrestricted Subsidiaries), plus (f) (x) the Investments of the Parent Guarantor, the Borrower and the Restricted Subsidiaries made using the Available Amount in any Unrestricted Subsidiary that has been re-designated as a Restricted Subsidiary or that has been merged or consolidated with or into the Parent Guarantor, the Borrower or any of the Restricted Subsidiaries (up to the fair market value (as determined in good faith by the Borrower) of the Investments of the Parent Guarantor, the Borrower and the Restricted Subsidiaries in such Unrestricted Subsidiary at the time of such re-designation or merger or consolidation) and (y) the fair market value (as determined in good faith by the Borrower) of the assets of any Unrestricted Subsidiary acquired by such Unrestricted Subsidiary with the proceeds of Investments of the Parent Guarantor, the Borrower and the Restricted Subsidiaries made using the Available Amount in such Unrestricted Subsidiary that have been transferred, conveyed or otherwise distributed to the Parent Guarantor, the Borrower and the Restricted Subsidiaries, up to the fair market value (as determined in good faith by the Borrower) of the Investments of the Parent Guarantor, the Borrower and the Restricted Subsidiaries in such Unrestricted Subsidiary at the time of such transfer, conveyance or other distribution, minus (g) any portion of such amount utilized by the Parent Guarantor, the Borrower and the Restricted Subsidiaries on or prior to such date of determination to make (1) Investments pursuant to Section 6.02(c)(iv)(C)(2), (2) Investments pursuant to Section 6.02(o)(2), (3) Restricted Payments pursuant to Section 6.06(e)(2) or Section 6.06(f), or (4) prepayments, redemptions, purchases, defeasances or other payments of Junior Indebtedness pursuant to Section 6.14(c)(2).

"Available Revolving Commitment" means, at any time with respect to any Lender, the Revolving Commitment of such Lender then in effect minus the Revolving Credit Exposure of such Lender at such time.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark (or component thereof) or payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining the length of an Interest Period for any term rate or otherwise, for determining any frequency of making payments of interest calculated pursuant to this Agreement as of such date and not including any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (e) of Section 2.14.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European

Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy", as now and hereafter in effect, or any successor statute.

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a voluntary or involuntary bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment or has had any order for relief in such proceeding entered in respect thereof; provided that, a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permits such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Benchmark" means, initially, the Term SOFR Rate; provided that, if a Benchmark Transition Event, and its related Benchmark Replacement Date have occurred with respect to the Term SOFR Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to clause (b) of Section 2.14.

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the Adjusted Daily Simple SOFR;

(2) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time in the United States and (b) the related Benchmark Replacement Adjustment;

If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement and/or Term Benchmark Loan, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day,", the definition of "U.S. Government Securities Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides, in consultation with the Borrower, may be appropriate to reflect the adoption and implementation of such Benchmark and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark exists, in such other manner of administration as the Administrative Agent decides, in consultation with the Borrower, is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means, with respect to any Benchmark, the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; provided that, such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

Notwithstanding anything herein to the contrary, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect

of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means, with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the NYFRB, the CME Term SOFR Administrator, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case, which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

Notwithstanding anything herein to the contrary, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.14 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.14.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Borrower" has the meaning assigned to such term in the introductory paragraph.

"Borrower Materials" has the meaning assigned to such term in Section 5.02.

"Borrower Notice" has the meaning assigned to such term in Section 5.11(b).

"Borrowing" means (a) Revolving Loans of the same Type, made, converted or continued on the same date and, in the case of Term Benchmark Loans, as to which a single Interest Period is in effect or (b) a Term Loan of the same Type, made, converted or continued on the same date and, in the case of Term Benchmark Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Borrower for a Borrowing in accordance with Section 2.03, which shall be substantially in the form attached hereto as Exhibit C-1 or any other form approved by the Administrative Agent.

"Business Day" means any day (other than a Saturday or a Sunday) on which banks are open for business in New York City or Chicago; provided that, in relation to RFR Loans and any interest rate settings, fundings, disbursements, settlements or payments of any such RFR Loan, or any other dealings of such RFR Loan (in each case, solely to the extent applicable following a Benchmark Replacement or otherwise pursuant to Section 2.14), any such day that is only an U.S. Government Securities Business Day.

"Capital Lease" means, with respect to any Person, any capital lease or financing lease that (subject to Section 1.04) is required by GAAP to be accounted for as a capital lease or financing lease.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease, which obligations are required to be classified and accounted for as Capital Leases or financing leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP, in each case subject to Section 1.04.

"Captive Insurance Subsidiary" means any Restricted Subsidiary that is subject to regulation as an insurance company.

"Cash Collateralize" means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent or any Issuing Bank (as applicable) and the Lenders, as collateral for LC Obligations or obligations of Lenders to fund participations in respect of LC

Obligations, cash or deposit account balances or, if the applicable Issuing Bank benefiting from such collateral shall agree in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to (a) the Administrative Agent and (b) the applicable Issuing Bank. "Cash Collateral" and "Cash Collateralized" shall have meanings correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Equivalents" means any of the following types of Investments, to the extent owned by the Parent Guarantor, the Borrower or any Restricted Subsidiary:

(a) readily marketable obligations issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof having maturities of not more than 360 days from the date of acquisition thereof; provided that, the full faith and credit of the United States of America is pledged in support thereof;

(b) time deposits with, or insured certificates of deposit or bankers' acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of the United States of America, any state or province thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States of America, any state thereof or the District of Columbia, and is a member of the Federal Reserve System that has combined capital and surplus of at least $500,000,000, in each case with maturities of not more than 365 days from the date of acquisition thereof;

(c) commercial paper maturing no more than 365 days from the time of the acquisition thereof, and having, at the time of acquisition thereof, a rating of A-2 or better from S&P or P-2 or better from Moody's (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another rating agency);

(d) Investments, classified in accordance with GAAP as current assets of the Parent Guarantor, the Borrower or any of the Restricted Subsidiaries, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody's or S&P, and the portfolios of which are limited solely to Investments of the character, quality and maturity described in clauses (a), (b) and (c) of this definition;

(e) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) of this definition and entered into with a financial institution satisfying the requirements in clause (b) of this definition; and

(f) instruments equivalent to those referred to in clauses (a) to (e) in this definition denominated in any foreign currency comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in any jurisdiction outside the United States to the extent reasonably required in connection with any business conducted by any Loan Party or any Restricted Subsidiary organized in such jurisdiction.

"Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, card services (including services related to credit cards, including purchasing and commercial cards, prepaid cards, including payroll, stored value and gift cards, merchant services processing and debit cards), electronic funds transfer and other cash management arrangements or automated clearinghouse transfer of funds or any similar services.

"Cash Management Bank" means any Person that, (a) at the time it enters into a Cash Management Agreement with any Loan Party, is a Lender, the Administrative Agent or an Arranger or an Affiliate of a Lender, the Administrative Agent or an Arranger, in its capacity as a party to such Cash Management Agreement, and (b) in the case of any Cash Management Agreement entered into prior to, and existing on, the Effective Date, any Person that is, on the Effective Date, a Lender, the Administrative Agent or an Arranger or Affiliate of a Lender, the Administrative Agent or an Arranger, in its capacity as a party to such Cash Management Agreement.

"Cayman Companies Act" has the meaning assigned to such term in Section 8.10(a)(i)(x).

"Cayman Islands Collateral Agreements" means (i) (a) a Cayman Islands law governed fixed and floating security agreement to be granted by Waldencast Cayman LLC as replacement general partner of the Parent Guarantor in favor of the Administrative Agent, substantially in the form attached hereto as Exhibit F-2 (the "Cayman Islands Waldencast Cayman LLC Fixed and Floating Security Agreement"), (b) a Cayman Islands law governed fixed and floating security agreement to be granted by Obagi Global Holdings Limited in favor of the Administrative Agent, substantially in the form attached hereto as Exhibit F-3 (the "Cayman Islands Obagi Global Holdings Limited Fixed and Floating Security Agreement"), and (c) a Cayman Islands law governed fixed and floating security agreement to be granted by Obagi Holdings Company Limited in favor of the Administrative Agent, substantially in the form attached hereto as Exhibit F-4 (the "Cayman Islands Obagi Holdings Company Limited Fixed and Floating Security Agreement"); (ii) a Cayman Islands law governed equitable share mortgage over the shares in Obagi Global Holdings Limited to be granted by Obagi Holdco 2 Limited in favor of the Administrative Agent, substantially in the form attached hereto as Exhibit F-5 (the "Cayman Islands Obagi Holdco 2 Limited Equitable Share Mortgage"); and (iii) a Cayman Islands law governed equitable share mortgage over the shares in Obagi Holdings Company Limited to be granted by Obagi Global Holdings Limited in favor of the Administrative Agent, substantially in the form attached hereto as Exhibit F-6 (the "Cayman Islands Obagi Global Holdings Limited Equitable Share Mortgage").

"Cayman Islands Obagi Global Holdings Limited Fixed and Floating Security Agreement" has the meaning assigned to such term in the definition of "Cayman Islands Collateral Agreements".

"Cayman Islands Obagi Holdings Company Limited Fixed and Floating Security Agreement" has the meaning assigned to such term in the definition of "Cayman Islands Collateral Agreements".

"Cayman Islands Waldencast Cayman LLC Fixed and Floating Security Agreement" has the meaning assigned to such term in the definition of "Cayman Islands Collateral Agreements".

"Cayman Islands Obagi Global Holdings Limited Equitable Share Mortgage" has the meaning assigned to such term in the definition of "Cayman Islands Collateral Agreements".

"Cayman Islands Obagi Holdco 2 Limited Equitable Share Mortgage" has the meaning assigned to such term in the definition of "Cayman Islands Collateral Agreements".

"Certain Funds Period" has the meaning assigned to such term in Section 4.04.

"Change in Law" means the occurrence after the date hereof of (a) the adoption of or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) compliance by any Lender or Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's or Issuing Bank's holding company, if any) with any request, rule, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Effective Date; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall, in each case, be deemed to be a "Change in Law," regardless of the date enacted, adopted, issued or implemented.

"Change of Control" means the occurrence of any of the following:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of the Parent Guarantor or its Subsidiaries and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of 40% or more of the equity securities of Waldencast Acquisition Corp. entitled to vote for members of the board of directors or equivalent governing body of Waldencast Acquisition Corp. on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right);

(b) a "Change of Control," "Change in Control" or similar event shall occur under any Indebtedness of the Parent Guarantor, the Borrower or any Restricted Subsidiary with an aggregate principal amount in excess of the Threshold Amount (to the extent that the occurrence of such event permits the holders of Indebtedness thereunder to accelerate the maturity thereof or to resell such other Indebtedness to the Parent Guarantor, the Borrower or any Restricted Subsidiary, or requires the Parent Guarantor, the Borrower or any Restricted Subsidiary to repay, or offer to repurchase, such Indebtedness prior to the stated maturity thereof);

(c) Waldencast Acquisition Corp. ceases to directly or indirectly own more than 50% of the Equity Interests in the Parent Guarantor entitled to vote for members of the board of directors or equivalent governing body of the Parent Guarantor on a fully-diluted basis; or

(d) the Parent Guarantor ceases to directly own 100% of the Equity Interests of the Borrower;

provided that, notwithstanding anything herein to the contrary, in no event shall the Transactions be deemed to constitute a Change of Control.

"Charges" has the meaning assigned to such term in Section 9.16

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Term Loans.

"CME Term SOFR Administrator" means CME Group Benchmark Administration Limited as administrator of the forward-looking term Secured Overnight Financing Rate (SOFR) (or a successor administrator).

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" means all of the "Collateral" and "Mortgaged Property" referred to in the Collateral Documents and all of the other property provided as collateral security under the terms of the Collateral Documents; provided that, the Collateral shall exclude the Excluded Assets.

"Collateral Agreements" means, collectively, the U.S. Collateral Agreement, the Jersey Collateral Agreements and the Cayman Islands Collateral Agreements.

"Collateral Documents" means, collectively, the Collateral Agreements, the Mortgages, each of the mortgages, collateral assignments, supplements to all of the foregoing, security agreements, pledge agreements, control agreements (if any) or other similar agreements delivered to the Administrative Agent pursuant to Section 4.01(a), 5.11 or 5.14 and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

"Commitment" means, (a) the Revolving Commitments and the Term Loan Commitments and (b) with respect to each Lender, the sum of such Lender's Revolving Commitment and Term Loan Commitment. The initial amount of each Lender's Commitment is set forth on Schedule 2.01A, or in the Assignment and Assumption or other documentation contemplated hereby pursuant to which such Lender shall have assumed its Revolving Commitment or Term Loan Commitment pursuant to the terms hereof, as applicable.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to Section 8.03, including through an Approved Electronic Platform.

"Compliance Certificate" means a certificate substantially in the form of Exhibit E.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, at any date of determination, an amount equal to Consolidated Net Income of the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period, plus (i) the following, without

duplication, and, except with respect to clause (o) below, to the extent deducted in calculating such Consolidated Net Income:

(a) Consolidated Interest Expense, plus

(b) the provision for federal, state, local and foreign income and franchise taxes payable (calculated net of federal, state, local and foreign income tax credits) and other taxes (including any Permitted Tax Distributions), interest and penalties included under GAAP in income tax expense, plus

(c) depreciation and amortization expenses (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period), plus

(d) other non-recurring expenses, write-offs, write-downs or impairment charges which do not represent a cash item in such period (or in any future period) (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period and any non-cash charge, expense or loss relating to write-offs, write-downs or reserves with respect to accounts receivable or inventory), plus

(e) non-cash charges or expenses related to stock-based compensation and other non-cash charges or non-cash losses (including, extraordinary, unusual or non-recurring non-cash losses) incurred or recognized, plus

(f) cash or non-cash charges constituting fees and expenses incurred in connection with the Transactions, plus

(g) losses relating to hedging transactions and mark-to-market of Indebtedness denominated in foreign currencies resulting from the application of FASB ASC 830 or any similar accounting standard, plus

(h) any expenses or charges related to any issuance of Equity Interests or debt securities, Investment, acquisition, Disposition, recapitalization or the incurrence, modification or repayment of Indebtedness permitted to be incurred by this Agreement (including a refinancing thereof) (whether or not successful), including any amendment or other modification of the Obligations or other Indebtedness; plus

(i) one-time deal advisory, financing, legal, accounting, and consulting cash expenses incurred by the Parent Guarantor, the Borrower and the Restricted Subsidiaries in connection with the Funding Date Acquisitions or any Permitted Acquisitions not constituting the consideration for any such Funding Date Acquisition or Permitted Acquisition, plus

(j) non-cash losses and expenses resulting from fair value accounting (as permitted by Accounting Standard Codification Topic No. 825-10-25 – Fair Value Option or any similar accounting standard), plus

(k) restructuring charges or reserves or integration costs or other business optimization expenses, including in connection with (x) the Transactions or any Permitted Acquisition or (y) the consolidation or closing of facilities during such Measurement Period; provided that, the aggregate amount of integration costs added-back pursuant to this clause (k) in any four consecutive fiscal quarter period shall not exceed, together with amounts added back pursuant to clause (iii) below for such period,

25% of Consolidated EBITDA for such period prior to giving effect to this clause (k) or clause (iii) below, plus

(l) extraordinary, unusual or non-recurring cash charges and cash losses incurred or recognized (including costs and payments, in connection with actual or prospective litigation, legal settlements, fines, judgments or orders), plus

(m) the amount of any minority interest expense consisting of Restricted Subsidiary income attributable to minority interests of third parties in any non-wholly owned Restricted Subsidiary (and not added back in such period to Consolidated Net Income), plus

(n) earn-out and contingent consideration obligations (including to the extent accounted for as bonuses, compensation or otherwise) and adjustments thereof and purchase price adjustments, in each case incurred in connection with acquisitions permitted hereunder (including the Funding Date Acquisitions), plus

(o) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not included in Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such receipts were deducted in the calculation of Consolidated EBITDA (pursuant to paragraph (ii) below) or Consolidated Net Income, for any previous period and not added back, plus

(p) to the extent covered by insurance and actually reimbursed, or, so long as the Borrower has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such determination (with a deduction in the applicable future period for any amount so added back to the extent not so reimbursed within such 365 days), expenses, charges or losses with respect to liability or casualty events or business interruption, plus

(q) any expenses, charges or losses that are covered by indemnification or other reimbursement provisions in connection with any Investment, Permitted Acquisition or any sale, conveyance, transfer or other disposition of assets permitted under this Agreement, to the extent actually reimbursed, or, so long as the Borrower has made a determination that a reasonable basis exists for indemnification or reimbursement and only to the extent that such amount is in fact indemnified or reimbursed within 365 days of such determination (with a deduction in the applicable future period for any amount so added back to the extent not so indemnified or reimbursed within such 365 day period);

and (ii) minus, without duplication,

(r) gains included in Consolidated EBITDA for such Measurement Period in respect of hedging transactions and mark-to-market of Indebtedness denominated in foreign currencies resulting from the application of FASB ASC 830 or any similar accounting standard;

(s) non-cash gains included in Consolidated Net Income for such Measurement Period (excluding any such non-cash gain to the extent it represents the reversal of an accrual or a reserve for a potential cash gain in any prior period); and

(t) the amount of any minority interest income consisting of Restricted Subsidiary losses attributable to minority interests of third parties in any non-wholly owned Restricted Subsidiary (and not deducted in calculating Consolidated Net Income for such Measurement Period).

If there has occurred a Permitted Acquisition or other Investment in the nature of an acquisition permitted by this Agreement during the applicable Measurement Period, or for purposes of calculating pro forma Total Leverage Ratio or pro forma Interest Coverage Ratio after the applicable Measurement Period but on or prior to the Ratio Calculation Date in accordance with Section 1.12(b), Consolidated EBITDA shall be calculated on a Pro Forma Basis. Calculating Consolidated EBITDA on a "Pro Forma Basis" shall mean giving effect to any such Permitted Acquisition or other Investment in the nature of an acquisition, and any Indebtedness incurred or assumed in connection therewith, as follows:

(i) any Indebtedness incurred or assumed in connection with such Permitted Acquisition or other permitted Investment in the nature of an acquisition was incurred or assumed on the first day of the applicable Measurement Period and remained outstanding,

(ii) the rate on such Indebtedness shall be calculated as if the rate in effect on the date of such Permitted Acquisition or other permitted Investment in the nature of an acquisition had been the applicable rate for the entire period (taking into account any interest rate Swap Contracts applicable to such Indebtedness), and

(iii) all income, depreciation, amortization, taxes, and expense associated with the assets or entity acquired in connection with such Permitted Acquisition or other permitted Investment in the nature of an acquisition for the applicable period shall be calculated on a pro forma basis after giving effect to cost savings, operating expense reductions, other operating improvements and acquisition synergies (including custodial and interchange synergies) that are reasonably identifiable and projected by the Borrower in good faith to be realized within eighteen (18) months after such Permitted Acquisition or other permitted Investment in the nature of an acquisition (calculated on a pro forma basis as though such items had been realized on the first day of such period) as a result of actions taken by the Parent Guarantor, the Borrower or any Restricted Subsidiary in connection with such Permitted Acquisition or other such permitted Investment and net of (x) the amount of actual benefits realized during such period from such actions that are otherwise included in the calculation of Consolidated EBITDA in each case from and after the first day of such Measurement Period and (y) the amount of all income, depreciation, amortization, taxes and expenses associated with any assets or entity acquired in connection with such Permitted Acquisition or other such permitted Investment that the Borrower reasonably anticipates will be divested pursuant to Section 6.05(k) or otherwise;

provided that:

(A) the aggregate amount of cost savings, operating expense reductions, other operating improvements and acquisition synergies added-back in connection with Permitted Acquisitions or other such permitted Investments pursuant to this clause (iii) in any four consecutive fiscal quarter period shall not exceed, together with amounts added back pursuant to clause (k) above for such period, 25% of Consolidated EBITDA for such period prior to giving effect to this clause (iii) and clause (k) above; and

(B) at the time any such calculation pursuant to this clause (iii) is made, the Borrower shall deliver to the Administrative Agent a certificate signed by a Responsible Officer (which may be the Compliance Certificate) setting forth reasonably detailed calculations in respect of the matters referred to in this clause (iii), as well as the relevant factual support in respect thereof.

"Consolidated First Lien Debt" means, as of any date of determination, without duplication, the aggregate principal amount of Consolidated Funded Indebtedness outstanding on such date that is secured by a Lien on any asset or property of Parent Guarantor, the Borrower or any Restricted Subsidiary (including purchase money Indebtedness and Attributable Indebtedness in respect of Capital Leases) that is senior or pari passu to the Liens securing the Obligations.

"Consolidated Funded Indebtedness" means, as of any date of determination, for the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a consolidated basis, the sum, without duplication of (if and to the extent the same would constitute indebtedness or a liability in accordance with GAAP), (i) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (ii) all purchase money Indebtedness, (iii) obligations in respect of drawn letters of credit, bankers acceptances or similar instruments to the extent not reimbursed within three (3) Business Days (provided that, cash collateralized amounts under drawn letters of credit, bankers acceptances and similar instruments shall not be counted as Consolidated Funded Indebtedness), (iv) Attributable Indebtedness in respect of Capital Leases and (iv) all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (i) through (iv) above of Persons other than the Parent Guarantor, the Borrower or any Restricted Subsidiary.

"Consolidated Interest Expense" means, with reference to any period, the interest expense (including interest expense attributable to Capital Lease Obligations that is treated as interest in accordance with GAAP) of the Parent Guarantor, the Borrower and the Restricted Subsidiaries calculated on a consolidated basis for such period with respect to all outstanding Indebtedness of the Parent Guarantor, the Borrower and the Restricted Subsidiaries allocable to such period in accordance with GAAP (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under interest rate Swap Contracts to the extent such net costs are allocable to such period in accordance with GAAP).

"Consolidated Net Income" means, at any date of determination, the net income (or loss) of the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period taken as a single accounting period determined in conformity with GAAP; provided that, Consolidated Net Income shall exclude, without duplication, (a) extraordinary gains and extraordinary non-cash losses for such Measurement Period, (b) the net income (to the extent positive) of any Restricted Subsidiary that is not a Loan Party during such Measurement Period to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Restricted Subsidiary during such Measurement Period, except that the amount of dividends or distributions or other payments that are actually paid to the Parent Guarantor, the Borrower or a Restricted Subsidiary that is a Loan Party (or, if not a Loan Party, to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such income is not so prohibited) for such Measurement Period shall be included in determining Consolidated Net Income, (c) any income (or loss) for such Measurement Period of any Person if such Person is not a Restricted Subsidiary, except that the Parent Guarantor's or Borrower's equity in the net income of any such Person for such Measurement Period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such Measurement Period to the Parent Guarantor, the Borrower or a Restricted Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Restricted Subsidiary, such Restricted Subsidiary is not precluded from further distributing such amount to the Parent Guarantor, the Borrower or a Restricted

Subsidiary as described in clause (b) of this proviso), (d) any cancellation of debt income arising from any early extinguishment of Indebtedness, hedging agreements or other similar instruments, (e) the effects of purchase accounting adjustments (including the effects of such adjustments pushed down to the Parent Guarantor, the Borrower and the Restricted Subsidiaries) in component amounts required or permitted by GAAP resulting from the application of purchase accounting in relation to any consummated acquisition or the amortization or write-off of any amounts thereof, net of taxes, (f) any net after-tax gains or losses on disposal of disposed, abandoned, transferred, closed, or discontinued operations (and facilities, plants or distribution centers that have been closed, or temporarily shut down or idled) (excluding held-for-sale discontinued operations until actually disposed of) and (g) any after-tax effect of gains or losses (less all fees and expenses relating thereto) attributable to asset dispositions or abandonments other than in the ordinary course of business, as determined in good faith by the board of directors (or analogous governing body) of the Parent Guarantor, the Borrower or any Restricted Subsidiary.

"Consolidated Secured Debt" means, as of any date of determination, without duplication, the aggregate principal amount of Consolidated Funded Indebtedness outstanding on such date that is secured by a Lien on any asset or property of the Parent Guarantor, the Borrower or any Restricted Subsidiary (including purchase money Indebtedness and Attributable Indebtedness in respect of Capital Leases).

"Consolidated Total Assets" means, on any date of determination, the total assets of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, determined in accordance with GAAP as shown on the most recent consolidated balance sheet of the Parent Guarantor delivered pursuant to Section 5.01(a) or (b) on or prior to such date (or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (x) prior to the Funding Date, Section 4.01(d)(i) and (y) on and after the Funding Date, Section 4.01(d)(i) and (ii)) in each case after giving pro forma effect to acquisitions or dispositions of Persons, divisions or lines of business that had occurred on or after such balance sheet date and on or prior to such date of determination.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Controlled Substances Laws" means Laws regulating the research, development, creation, investigation, testing, import, export, production, manufacturing, use, disposal, processing, transportation, handling, storage, possession, packaging, licensing, prescribing, dispensing, labeling, promotion, distribution, marketing, advertising, offer for sale, sale, and introduction or delivery for introduction into interstate commerce of any (i) controlled substance, (ii) hemp (as defined in 7 U.S.C. § 1639o(1) or any similar applicable foreign, federal, state or local Law), or (iii) any derivatives or extracts of items referenced in (i) or (ii), including the Controlled Substances Act, as amended, the U.S. Federal Food, Drug and Cosmetic Act ("FDCA"), as amended, the Laws of the U.S. Drug Enforcement Administration, the U.S. Food and Drug Administration ("FDA"), and similar foreign, federal, state, and local Governmental Authorities, and all similar applicable Laws and orders in each jurisdiction where the

Borrower's products containing controlled substances, hemp or any derivatives or extracts of controlled substances or hemp are offered for sale or sold.

"Controlled Substance Claim" means any action, suit, complaint, summons, citation, notice, letter of admonition, warning letter, untitled letter, directive, order, writ, injunction, seizure, decree, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter or other communication, from any Person or Governmental Authority relating to or arising out of or asserting, in writing, any alleged or actual violation of, non-compliance with, or liability under, any Controlled Substances Laws.

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding Business Day adjustment) as such Available Tenor.

"Covenant Relief Period" means the period from and after the Second Amendment Effective Date to and including the earlier of (a) ~~September 30~~ December 31, 2024 and (b) the day the Borrower has delivered a Financial Covenant Election to the Administrative Agent; provided that, to the extent the Borrower has delivered a Financial Covenant Election, all restrictions and requirements set forth herein with respect to the Covenant Relief Period shall continue in effect until the Borrower demonstrates compliance with Sections 6.11(a)(ii) and 6.11(b)(ii) on the last day of the period of four consecutive fiscal quarters of the Borrower in which the Borrower has delivered such Financial Covenant Election by delivering to the Lenders a Compliance Certificate of the Borrower demonstrating in reasonable detail such compliance with Sections 6.11(a)(ii) and 6.11(b)(ii) as of the last day of such period of four consecutive fiscal quarters.

"Covenant Transaction" has the meaning assigned to such term in Section 1.12(d).

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Covered Party" has the meaning assigned to it in Section 9.19

"Credit Event" means a Borrowing, the issuance, amendment, renewal or extension of a Letter of Credit, an LC Disbursement or any of the foregoing.

"Credit Exposure" means, as to any Lender at any time, the sum of (a) such Lender's Revolving Credit Exposure at such time, plus (b) an amount equal to the aggregate principal amount of its Term Loans outstanding at such time.

"Credit Party" means the Administrative Agent, each Issuing Bank or any other Lender.

"Daily Simple SOFR" means, for any day (a "SOFR Rate Day"), a rate per annum equal SOFR for the day that is five (5) U.S. Government Securities Business Day prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower.

"Debtor Relief Laws" means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"Defaulting Lender" means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations as of the date of certification) to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, provided that, such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of (i) a Bankruptcy Event or (ii) a Bail-In Action.

"Designated Non-Cash Consideration" means the non-cash consideration received by the Parent Guarantor, the Borrower or a Restricted Subsidiary in connection with a Disposition that is so designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer of the Borrower, setting forth the fair market value thereof and the basis of such valuation.

"Discharge Date" has the meaning assigned to such term in Section 8.10(a)(i)(x).

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction) of any property by any Person, including (x) any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith and (y) any issuance of Equity Interests by any Restricted Subsidiary of such Person (other than directors' qualifying shares). Notwithstanding anything herein to the contrary, any issuance of Equity Interests by the Parent Guarantor shall not be a Disposition.

"Disqualified Equity Interests" means any Equity Interests that, by their terms (or by the terms of any security or other Equity Interest into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature or are mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests) (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), in whole or in part, (c) provide for the mandatory scheduled payment of dividends in cash or (d) are or become convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case prior to the date that is ninety one (91) days after the Latest Maturity Date in effect at the time of issuance of such Equity Interests; provided that, only the portion of Equity Interests which so mature or are mandatorily redeemable, are redeemable at the option of the holder thereof, provide for the mandatory scheduled payment of dividends or which are or become convertible as described above shall be deemed to be Disqualified Equity Interests; provided further, however, that that any Equity Interests that would not constitute Disqualified Equity Interests but for provisions thereof giving holders thereof (or the holders of any security into or for which such Equity Interests is convertible, exchangeable or exercisable) the right to require the issuer thereof to redeem such Equity Interests upon the occurrence of any change of control, any offering of Equity Interests or any Disposition occurring prior to the date that is ninety one (91) days after the Latest Maturity Date in effect at the time of issuance of such Equity Interests shall not constitute Disqualified Equity Interests if such Equity Interests provide that the issuer thereof will not redeem any such Equity Interests pursuant to such provisions prior to the repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments; and provided further, however, that notwithstanding the foregoing, (i) if such Equity Interests are issued pursuant to any plan for the benefit of directors, officers, employees, members of management, managers or consultants or by any such plan to such directors, officers, employees, members of management, managers or consultants, in each case in the ordinary course of business of the Parent Guarantor, the Borrower or any Restricted Subsidiary, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the issuer thereof in order to satisfy applicable statutory or regulatory obligations, and (ii) no Equity Interests held by any future, present or former employee, director, officer, manager, member of management or consultant (or their respective Affiliates or Immediate Family Members) of the Parent Guarantor, the Borrower or any Restricted Subsidiary shall be considered Disqualified Equity Interests because such stock is redeemable or subject to repurchase pursuant to any management equity subscription agreement, stock option, stock appreciation right or other stock award agreement, stock ownership plan, put agreement, stockholder agreement or similar agreement that may be in effect from time to time.

"Disqualified Institution" means (a) Persons that are specifically identified by the Borrower to the Administrative Agent in writing prior to the Effective Date, (b) any Person that is reasonably determined by the Borrower after the Effective Date to be a competitor of the Parent Guarantor, the Borrower or the Subsidiaries and which is specifically identified in a written supplement to the list of "Disqualified Institutions", which supplement shall become effective three (3) Business Days after delivery thereof to the Administrative Agent in accordance with Section 9.01 and (c) in the case of the foregoing clauses (a) and (b), any of such entities' Affiliates to the extent such Affiliates (x) are clearly identifiable as Affiliates of such Persons based solely on the similarity of such Affiliates' and such Persons' names and (y) are not bona fide debt investment funds. It is understood and agreed that (i) any supplement to the list of Persons that are Disqualified Institutions contemplated by the foregoing clause (b) shall not apply retroactively to disqualify any Persons that have previously acquired an assignment or participation interest in the Loans (but solely with respect to such Loans), (ii) the Administrative Agent shall have no responsibility or liability to determine or monitor whether any Lender or potential Lender is a Disqualified Institution, (iii) the Borrower's failure to deliver such list (or supplement thereto) in accordance with Section 9.01 shall render such list (or supplement) not received and not effective and (iv) "Disqualified Institution" shall exclude any Person that the Borrower has designated as no longer being a "Disqualified Institution" by written notice delivered to the Administrative Agent from time to time in accordance with Section 9.01.

"Documentation Agent" means Credit Suisse AG, New York Branch in its capacity as documentation agent for the credit facilities evidenced by this Agreement.

"Dollar Equivalent" means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any other currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate for the purchase of Dollars with such other currency.

"Dollars", "dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means a Restricted Subsidiary organized under the laws of a jurisdiction located in the United States of America.

"DQ List" has the meaning assigned to such term in Section 9.04(e)(iv).

"ECP" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means the date on which the conditions precedent specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record. "Environmental Claim" means any written notice, claim, demand, action, litigation, toxic tort, proceeding, demand, request for information, complaint, citation, summons, investigation, notice of non-compliance or violation, cause of action, consent order, consent decree, investigation, or other proceeding by any Governmental Authority or any other Person, arising out of, based on or pursuant to any Environmental Law or related in any way to any actual, alleged or threatened Environmental Liability.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, agreements or governmental restrictions relating to human health and safety (as it pertains to exposure to hazardous materials), pollution, the protection of the environment or the release of any materials into the environment, including those related to hazardous materials, substances or wastes and air emissions and water discharges.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), obligation, responsibility or cost directly or indirectly resulting from or based upon (a) any violation of, or liability under, any Environmental Law, (b) the generation, use, handling, transportation, storage, distribution, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment, (e) natural resource damage or (f) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Permit" means any permit, approval, identification number, license or other authorization issued pursuant to or required under any Environmental Law.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination; provided that, any interests evidenced by instruments of Indebtedness convertible into or exchangeable for Equity Interests shall not be deemed to be Equity Interests unless and until such interests are so converted or exchanged.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with any Loan Party, is treated as a single employer under Section 414(b) or (c) of the Code or Section 4001(a)(14) of ERISA (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means the occurrence of any of the following (a) a "Reportable Event" with respect to a Pension Plan; (b) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan; (c) the withdrawal of any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (d) a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan or notification concerning the imposition upon any Loan Party or any ERISA Affiliate of any liability with respect to such withdrawal, or a determination that a Multiemployer Plan is or is expected to be insolvent or in critical status within the meaning of Title IV of ERISA; (e) the filing of a notice of intent to terminate a Pension Plan, or the treatment of a Pension Plan amendment as a termination, under Section 4041 or 4041A of ERISA; (f) the institution by the PBGC of proceedings to terminate a Pension Plan; (g) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (h) the determination that the adjusted funding target attainment percentage (as defined in Section 436(j)(2) of the Code) of any Pension Plan is both less than 80% and such Pension Plan is more than $20,000,000 underfunded on an adjusted funding target attainment percentage basis; (i) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party or any ERISA Affiliate; (j) the failure to satisfy the Pension Funding Rules with respect to any Pension Plan, whether or not waived; or (k) a Foreign Plan Event.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Event of Default" has the meaning assigned to such term in Section 7.01.

"Evidence of Flood Insurance" has the meaning assigned to such term in Section 5.11(b)(vii).

"Excluded Accounts" means, collectively, deposit accounts, to the extent exclusively constituting (a) payroll and other employee wage and benefit accounts, (b) tax accounts, including sales tax accounts, (c) petty cash accounts funded in the ordinary course of business with a balance not exceeding $250,000 for all such accounts in the aggregate, (d) escrow, fiduciary or trust accounts, (e) designated disbursement accounts and (in the case of any Domestic Subsidiary) non-U.S. bank accounts , (f) deposit accounts (i) that are zero balance accounts or (ii) the balances of which are transferred automatically on a daily basis to deposit accounts that are not Excluded Accounts, (g) accounts holding cash collateral in escrow or in trust for the benefit of a third party in connection with a Permitted Lien and (h) the funds or other property held in or maintained in any such account identified in clauses (a) through (g).

"Excluded Assets" means:

(a) any fee-owned real property that is not a Material Real Estate Asset and all leasehold or subleasehold interests in real property;

(b) any motor vehicles, aircraft and other assets subject to certificates of title (other than to the extent the security interest in such certificates of title may be perfected by the filing of UCC financing statements or a financing statement on the register of security interests created under Part 8 of the Security Interests (Jersey) Law 2012) (the "SIR");

(c) assets in respect of which pledges and security interests are prohibited by applicable U.S. law, rule or regulation or agreements with any United States Governmental Authority (other than to the extent that such prohibition would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408, 9-409 or other applicable provisions of the UCC of any applicable jurisdiction or any other applicable law); provided that, immediately upon the ineffectiveness, lapse or termination of any such prohibitions, such assets shall automatically cease to constitute "Excluded Assets";

(d) Equity Interests in any Person other than wholly-owned Subsidiaries to the extent not permitted by terms in such Person's organizational or joint venture documents (unless any such restriction would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408, 9-409 or other applicable provisions of the UCC of any applicable jurisdiction or any other applicable law);

(e) any lease, license or other agreement or any property subject to a purchase money security interest or similar arrangement, to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement or purchase money arrangement or create a right of termination in favor of any other party thereto (other than a Loan Party) (other than (i) proceeds and receivables thereof, the assignment of which is expressly deemed effective under the UCC notwithstanding such prohibition, (ii) to the extent that any such term has been waived or (iii) to the extent any such term would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408, 9-409 or other applicable provisions of the UCC of any applicable jurisdiction or any other applicable law); provided that, immediately upon the ineffectiveness, lapse or termination of any such express term, such assets shall automatically cease to constitute "Excluded Assets";

(f) Excluded Accounts;

(g) cash (other than Cash Collateral) to secure letter of credit reimbursement obligations (other than in respect of Letters of Credit) to the extent such secured letters of credit are issued or permitted, and such cash collateral is permitted, by this Agreement;

(h) any "intent-to-use" application for registration of a trademark filed pursuant to Section 1(b) of the Lanham Act, 15 U.S.C. § 1051, prior to the filing of a "Statement of Use" pursuant to Section 1(d) of the Lanham Act or an "Amendment to Allege Use" pursuant to Section 1(c) of the Lanham Act with respect thereto, to the extent, if any, that and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of any registration that issues from such intent-to-use application under applicable federal law;

(i) [reserved];

(j) Equity Interests in any (w) Immaterial Subsidiary or Unrestricted Subsidiary, (x) not-for-profit Subsidiary, (y) Captive Insurance Subsidiary, or (z) Subsidiary if the granting of a security interest in such Equity Interests (i) is prohibited or restricted by any applicable Law or any Contractual Obligation (limited, in the case of a Contractual Obligation, to such Contractual Obligations in place on the Effective

Date or (other than with respect to the Targets and their respective Subsidiaries as of the Funding Date) on the date such Restricted Subsidiary was acquired by the Parent Guarantor, the Borrower or any Restricted Subsidiary and that was not entered into in contemplation thereof) from providing a Guarantee of the Obligations, (ii) would require a governmental consent, approval, license or authorization (including any regulatory consent, approval, license or authorization) in order to provide such security interest (other than any such consent, approval, license or authorization that has been obtained),

(k) any assets to the extent a security interest in such assets would result in material adverse Tax consequences (as reasonably determined by the Borrower in consultation with the Administrative Agent); and

(l) Specified Assets.

provided that, "Excluded Assets" shall not include any proceeds, products, substitutions or replacements of Excluded Assets (unless such proceeds, products, substitutions or replacements would otherwise constitute Excluded Assets).

"Excluded Subsidiary" means:

(a) any Unrestricted Subsidiary,

(b) any Immaterial Subsidiary,

(c) any Subsidiary that is not a wholly-owned Subsidiary (other than the Targets and their respective Subsidiaries as of the Funding Date and any other Subsidiary that is a Loan Party on either the Effective or the Funding Date),

(d) any not-for-profit Subsidiary,

(e) any Captive Insurance Subsidiary,

(f) any Subsidiary (i) that is prohibited or restricted by any applicable Law or any Contractual Obligation (limited, in the case of a Contractual Obligation, to such Contractual Obligations in place on the Effective Date or (other than with respect to the Targets and their respective Subsidiaries as of the Funding Date) on the date such Restricted Subsidiary was acquired by the Parent Guarantor, the Borrower or any Restricted Subsidiary and that was not entered into in contemplation thereof) from providing a Guarantee of the Obligations, (ii) that would require a governmental consent, approval, license or authorization (including any regulatory consent, approval, license or authorization) in order to provide a Guarantee of the Obligations (other than any such consent, approval, license or authorization that has been obtained) (iii) if the provision of a Guarantee of the Obligations by such Subsidiary would result in adverse tax consequences to the Borrower, as reasonably determined by the Borrower in consultation with the Administrative Agent or (iv) any Foreign Subsidiary excluded in accordance with the Agreed Security Principles,

(g) without limiting clause (f) above, any Restricted Subsidiary acquired by the Parent Guarantor, the Borrower or any Restricted Subsidiary after the Funding Date that, at the time of the relevant acquisition, is an obligor in respect of assumed Indebtedness that is permitted under this Agreement to the extent (and for so long as) the documentation governing the applicable assumed

Indebtedness prohibits such Restricted Subsidiary from providing a Guarantee of the Obligations so long as such restriction was not incurred in contemplation of such acquisition, or

(h) any other Subsidiary with respect to which, in the reasonable judgment of the Administrative Agent and the Borrower, the burden or cost of providing a Guarantee of the Obligations outweighs the benefits afforded thereby.

Notwithstanding the foregoing, in no event shall the Borrower be an "Excluded Subsidiary".

"Excluded Swap Obligation" means, with respect to any Loan Party, any Specified Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Specified Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason to constitute an ECP at the time the Guarantee of such Loan Party or the grant of such security interest becomes or would become effective with respect to such Specified Swap Obligation. If a Specified Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Specified Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any of the foregoing).

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, any U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan, Letter of Credit or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan, Letter of Credit or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender acquired the applicable interest in a Loan, Letter of Credit or Commitment or to such Lender immediately before it changed its lending office, (c) in the case of a Lender, any United Kingdom taxes required to be deducted or withheld from a payment of interest under any Loan Document (a "UK Tax Deduction") if on the date on which the payment falls due: (i) the payment could have been made to the relevant Lender without a UK Tax Deduction if the Lender had been a UK Qualifying Lender, but on that date that Lender is not or has ceased to be a UK Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty, or any published practice or published concession of any relevant taxing authority; or (ii) the relevant Lender is a UK Qualifying Lender solely by virtue of clause (a)(ii) of the definition of "UK Qualifying Lender" and an officer of HMRC has given (and not revoked) a direction (a "UK Direction") under section 931 of the UK Taxes Act which relates to the payment and that Lender has received from the Borrower a certified copy of that UK Direction and the payment could have been made to the Lender without any UK Tax Deduction if that UK Direction had not been made; or

(iii) the relevant Lender is a UK Qualifying Lender solely by virtue of clause (a)(ii) of the definition of "UK Qualifying Lender" and that relevant Lender has not given a UK Tax Confirmation to the Borrower and the payment could have been made to the relevant Lender without a UK Tax Deduction if that Lender had given a UK Tax Confirmation to the Borrower, on the basis that the UK Tax Confirmation would have enabled the Borrower to have formed a reasonable belief that the payment was an "excepted payment" for the purpose of section 930 of the UK Taxes Act; or (iv) the relevant Lender is a UK Treaty Lender and the Borrower making the payment is able to demonstrate that the payment could have been made to the Lender without the UK Tax Deduction had that Lender complied with its obligations under Sections 2.17(f)(iii)(A), (B) and (C); (d) Taxes attributable to such Recipient's failure to comply with Sections 2.17(f) and (e) any withholding Taxes imposed under FATCA.

"Existing Credit Agreement Refinancing" means the repayment in full of all principal, interest, fees and other amounts due or outstanding under the Existing Credit Agreements, the termination of all commitments under the Existing Credit Agreements and the termination and release of all guarantees and security in support of the Existing Credit Agreements.

"Existing Credit Agreements" means the Existing Milk Credit Agreement and the Existing Obagi Credit Agreement, collectively.

"Existing Milk Credit Agreement" means that certain Loan and Security Agreement, dated as of October 10, 2019, by and between Milk, as borrower, and Pacific Western Bank, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the Funding Date.

"Existing Obagi Credit Agreement" means that certain Financing Agreement, dated as of March 16, 2021, by and among the Obagi Global Holdings Limited, as ultimate parent, Obagi Holdings Company Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, as parent, Obagi Cosmeceuticals LLC, a Delaware limited liability company, as borrower, the subsidiary guarantors party thereto, the lenders from time to time party thereto and TCW Asset Management Company LLC, as collateral agent and administrative agent, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the Funding Date.

"Extraordinary Receipt" means any cash received by or paid to any Person as a result of proceeds of insurance that results from a casualty or similar event (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings) and condemnation awards (and payments in lieu thereof); provided that an Extraordinary Receipt shall not include cash receipts from proceeds of insurance or condemnation awards (or payments in lieu thereof) to the extent that such proceeds or awards are received by any Person in respect of any third party claim against, or liability of, such Person and applied to pay (or to reimburse such Person for its prior payment of) such claim or liability and the costs and expenses of such Person with respect thereto.

"Facility" means the Term Facility, a Revolving Facility, or an Incremental Facility, as the context may require.

"FATCA" means Sections 1471 through 1474 of the Code, as of the Effective Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered

into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions, as determined in such manner as shall be set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; provided that, if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Fee Letters" means (i) that certain Arranger Fee Letter, dated as of June 24, 2022, by and among JPMorgan Chase Bank, N.A., Banco Santander, S.A. and Waldencast Acquisition Corp. and (ii) that certain Administrative Agent Fee Letter, dated as of June 24, 2022, between JPMorgan Chase Bank, N.A. and Waldencast Acquisition Corp.

"Financial Covenant Election" means an irrevocable election by the Borrower, by written notice to the Administrative Agent, to test the covenants set forth in Section 6.11(a) and Section 6.11(b) in accordance with Section 6.11(a)(ii) and Section 6.11(b)(ii), respectively, on the last day of the period of four consecutive fiscal quarters of the Borrower during which the Borrower has delivered such Financial Covenant Election and each period of four consecutive fiscal quarters of the Borrower ending thereafter. For the avoidance of doubt, the Borrower may only deliver a Financial Covenant Election once, on which date the Covenant Relief Period will terminate permanently as set forth in the definition of "Covenant Relief Period" for all purposes of this Agreement and the other Loan Documents.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller (or, in the case of the Parent Guarantor, the sole manager of its general partner) of the Borrower or the Parent Guarantor (as the context may require).

"Financials" means the annual or quarterly financial statements, and accompanying certificates and other documents, of the Parent Guarantor, the Borrower and the Restricted Subsidiaries required to be delivered pursuant to Section 5.01(a) or 5.01(b).

"Fiscal Year" means the fiscal year of the Parent Guarantor, the Borrower and the Restricted Subsidiaries ending on December 31 of each calendar year.

"Fixed Amounts" has the meaning assigned to such term in Section 1.12(f).

"Flood Determination Form" has the meaning assigned to such term in Section 5.11(b).

"Flood Laws" means (i) the National Flood Insurance Act of 1968, (ii) the Flood Disaster Protection Act of 1973, (iii) the National Flood Insurance Reform Act of 1994, (iv) the Flood Insurance Reform Act of 2004 and (v) the Biggert –Waters Flood Insurance Reform Act of 2012, in each case, together with all regulations promulgated thereunder, as such statutes or regulations may be amended or modified from time to time.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted Term SOFR Rate or the Adjusted Daily Simple SOFR, as applicable. Notwithstanding anything herein to the contrary, the initial Floor for each of Adjusted Term SOFR Rate or the Adjusted Daily Simple SOFR shall be 0%.

"Foreign Lender" means, if the Borrower is a U.S. Person, a Lender that is not a U.S. Person.

"Foreign Perfection Requirements" means, with respect to any jurisdiction outside of the United States, the making or procuring of any registrations, filings, endorsements, or stampings, in each case as required by local Laws, notations in stock registries (or equivalent), notarisations, legalisation, notices and other actions and steps required by Law to be made in any such jurisdiction in order to perfect the security created or purported to be created pursuant to the Collateral Documents or in order to achieve the relevant priority for such Collateral.

"Foreign Plan" means each employee benefit plan, fund or arrangement (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) or other similar program that is not subject to U.S. law and is maintained or contributed to (or required to be contributed to) by any Loan Party for the benefit of its employees working outside of the U.S.

"Foreign Plan Event" means with respect to any Foreign Plan, (a) the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Plan; (b) the failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Plan required to be registered; or (c) the failure of any Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Plan.

"Foreign Subsidiary" means any Restricted Subsidiary which is not a Domestic Subsidiary.

"Funding Date" means the date on which the conditions specified in Section 4.02 are satisfied (or waived in accordance with Section 9.02).

"Funding Date Acquisition Agreements" has the meaning assigned to such term in the recitals hereto.

"Funding Date Acquisitions" has the meaning assigned to such term in the recitals hereto.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including the National Association of Insurance Commissioners and any supra-national bodies such as the European Union or the European Central Bank).

"GP Replacement Date" means the date on which the Replacement General Partner is appointed as the sole general partner of Parent Guarantor.

"Guarantee" means, as to any Person, without duplication, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other monetary obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other monetary obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other monetary obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other monetary obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other monetary obligation of any other Person, whether or not such Indebtedness or other monetary obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that, the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business, or customary and reasonable indemnity obligations in effect on the Effective Date entered into in connection with any acquisition or disposition of assets permitted under this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantee Agreement" means the Guarantee Agreement, to be dated as of the Funding Date, among the Guarantors party thereto and the Administrative Agent, substantially in the form attached hereto as Exhibit G.

"Guarantor" means, collectively, (a) the Parent Guarantor (b) each existing and future direct or indirect Subsidiary (other than any Excluded Subsidiary) and (c) the Borrower (other than with respect to its own obligations). The Guarantors that are expected to be existing on the Funding Date are listed on Schedule 3.01.

"Hazardous Materials" means all explosive or radioactive substances or wastes, contaminants, pollutants or any other hazardous or toxic substances, wastes or materials regulated under or defined in any Environmental Law, including petroleum, its derivatives or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, and infectious or medical wastes.

"Health Care Claim" means any action, suit, complaint, summons, citation, notice, warning letter, untitled letter, directive, order, writ, injunction, seizure, decree, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter or other communication, from any

Person or Governmental Authority relating to or arising out of or asserting, in writing, any alleged or actual violation of, non-compliance with, or liability under, any Health Care Law.

"Health Care Law" means (a) Laws regulating the research, development, investigation, testing, import, export, production, manufacturing, use, disposal, processing, transportation, handling, storage, packaging, licensing, prescribing, dispensing, labeling, promotion, distribution, marketing, advertising, offer for sale, sale, and introduction or delivery for introduction into interstate commerce of any product, including the FDCA, as amended, the Laws of the FDA, U.S. Federal Trade Commission, the U.S. Customs and Border Protection, state boards of pharmacy and health, and similar foreign, federal, state, and local Governmental Authorities, and all similar applicable Laws and orders in each jurisdiction where the Borrower's products are offered for sale or sold; (b) all applicable Laws regulating patient referrals and payments to and interactions with health care professionals; and (c) all applicable privacy Laws.

"Health Care Liability" means all liabilities (contingent or otherwise), monetary obligations, losses (including monies paid in settlement), damages, costs and expenses (including all reasonable fees, costs, client charges and expenses of counsel, experts and consultants), fines, penalties, sanctions and interest arising directly as a result of, from or based upon (a) any Health Care Claim, or (b) any actual, alleged or threatened, in writing, violation of or non-compliance with any Health Care Law or Health Care Permit.

"Health Care Permit" means all necessary approvals, clearances, permits, licenses, registrations, listings or authorizations of any Governmental Authority, necessary for the research, development, investigation, testing, production, manufacture, disposal, processing, prescription, dispensing, reimbursement, handling, packaging, labeling, promotion, distribution, advertising, use, storage, import, export, transport, marketing, promotion, offer for sale, sale, introduction into interstate commerce, and delivery for introduction into interstate commerce of any product in a given country or regulatory jurisdiction.

"Hedge Bank" means any Person that, (a) at the time it enters into a Swap Contract permitted hereunder, is a Lender, the Administrative Agent or an Arranger or an Affiliate of a Lender, the Administrative Agent or an Arranger, in its capacity as a party to such Swap Contract or (b) in the case of any Swap Contract entered into prior to, and existing on, the Effective Date, any Person that is, on the Effective Date, a Lender, the Administrative Agent or an Arranger or Affiliate of a Lender, the Administrative Agent or an Arranger, in its capacity as a party to such Swap Contract.

"Historical Annual Financial Statements" means the Obagi Historical Annual Financial Statements, the Milk Historical Annual Financial Statements and the Waldencast Acquisition Corp. Annual Financial Statements.

"HMRC" means H.M. Revenue & Customs.

"Immaterial Subsidiary" means as of any date, any Restricted Subsidiary (other than the Borrower) that, (a) as of the last date of the most recent fiscal quarter of the Borrower for which financial statements have been delivered, accounts for less than 5.0% of the Consolidated Total Assets of the Parent Guarantor, the Borrower and the Restricted Subsidiaries and less than 5.0% of the Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a consolidated basis, in each case, as measured as of the last day of the most recent fiscal quarter of the Borrower for which

financial statements have been delivered and (b) does not, directly or indirectly, hold Equity Interests in any Restricted Subsidiary that is not an Immaterial Subsidiary as of such date; provided that, if, as of the last date of the most recent fiscal quarter of the Borrower for which financial statements have been delivered, the aggregate amount of Consolidated Total Assets or net sales attributable to all Restricted Subsidiaries that are Immaterial Subsidiaries exceeds 10.0% of the Consolidated Total Assets of the Parent Guarantor, the Borrower and the Restricted Subsidiaries or 10.0% of the Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a consolidated basis, then a sufficient number of Restricted Subsidiaries shall be designated by the Borrower (or, in the event the Borrower has failed to do so within twenty (20) days, the Administrative Agent) to eliminate such excess, and such designated Restricted Subsidiaries shall no longer constitute Immaterial Subsidiaries under this Agreement.

"Immediate Family Member" means, with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, domestic partner, former domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships), any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals, such individual's estate (or an executor or administrator acting on its behalf), heirs or legatees or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

"Incremental Amendment" means an amendment to this Agreement that is reasonably satisfactory to the Administrative Agent (solely for purposes of giving effect to Section 2.20) and the Borrower executed by each of (a) the Borrower, (b) the Administrative Agent and (c) each Lender that agrees to provide all or any portion of the Incremental Facility being incurred pursuant thereto and in accordance with Section 2.20.

"Incremental Available Amount" means (x) $40,000,000 less the aggregate principal amount of Indebtedness incurred pursuant to Section 2.20 in reliance on this clause (x) plus (y) on and after the Funding Date, an unlimited amount so long as the pro forma Total Leverage Ratio would not exceed the Total Leverage Ratio as of the Funding Date, in each case as of the date on which the applicable Incremental Facilities become effective (assuming all Incremental Revolving Commitments are fully funded and without netting the cash proceeds of the applicable Incremental Facility), provided that, to the extent the proceeds of any Incremental Term Loans are intended to be applied to finance a Limited Condition Acquisition, pro forma compliance shall be tested in accordance with Section 1.12(c). At the option of the Borrower, to the extent permitted, Indebtedness incurred pursuant to Section 2.20 shall be deemed incurred first under clause (y) prior to being deemed incurred under clause (x).

"Incremental Commitments" means the Incremental Revolving Commitments and the Incremental Term Commitments.

"Incremental Facilities" has the meaning assigned to such term in Section 2.20.

"Incremental Lender" has the meaning assigned to such term in Section 2.20.

"Incremental Loans" has the meaning assigned to such term in Section 2.20.

"Incremental Revolving Commitment" has the meaning assigned to such term in Section 2.20.

"Incremental Revolving Facility" has the meaning assigned to such term in Section 2.20.

"Incremental Revolving Facility Lender" means, with respect to any Incremental Revolving Facility, each Revolving Lender providing any portion of such Incremental Revolving Facility.

"Incremental Revolving Loans" has the meaning assigned to such term in Section 2.20.

"Incremental Term Commitment" has the meaning assigned to such term in Section 2.20.

"Incremental Term Facility" has the meaning assigned to such term in Section 2.20.

"Incremental Term Loans" has the meaning assigned to such term in Section 2.20.

"Incurrence-Based Amounts" has the meaning assigned to such term in Section 1.12(f).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount (after giving effect to any prior drawings or reductions which may have been reimbursed) of all outstanding direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) trade accounts and accrued expenses payable in the ordinary course of business and not past due for more than sixty (60) days after the date on which such trade accounts are due and payable, (ii) accruals for payroll and other liabilities accrued in the ordinary course of business and (iii) earn-outs, hold-backs and other deferred payment of consideration in Permitted Acquisitions to the extent not required to be reflected as liabilities on the balance sheet of the Parent Guarantor, the Borrower and the Restricted Subsidiaries in accordance with GAAP and not past due for more than thirty (30) days);

(e) Indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; provided that, the amount of such Indebtedness shall be the lesser of (i) the fair market value of such property as determined by such Person in good faith on the applicable date of determination and (ii) the amount of such Indebtedness of other Persons;

(f) Capital Lease Obligations;

(g) all obligations of such Person in respect of Disqualified Equity Interests valued, in the case of a redeemable preferred interest that is a Disqualified Equity Interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) to the extent not otherwise included above, all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Capital Lease as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a) hereof, Other Taxes.

"Indemnitee" has the meaning assigned to such term in Section 9.03(c).

"Ineligible Institution" has the meaning assigned to such term in Section 9.04(b).

"Information" has the meaning assigned to such term in Section 9.12

"Interest Coverage Ratio" means, with respect to any Measurement Period, the ratio of (a) Consolidated EBITDA for the Parent Guarantor, the Borrower and the Restricted Subsidiaries for such Measurement Period to (b) Consolidated Interest Expense of the Parent Guarantor, the Borrower and the Restricted Subsidiaries for such Measurement Period to the extent payable in cash.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.08, which shall be substantially in the form attached hereto as Exhibit C-2 or any other form approved by the Administrative Agent.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December and the Maturity Date, (b) with respect to any RFR Loan (solely to the extent applicable following a Benchmark Replacement or otherwise pursuant to Section 2.14), (1) each date that is on the numerically corresponding day in each calendar month that is one month after the Borrowing of such Loan (or if there is no such numerically corresponding day in such month, then the last day of such month) and (2) the Maturity Date and (c) with respect to any Term Benchmark Loan, the last day of each Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Term Benchmark Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and the Maturity Date.

"Interest Period" means with respect to any Term Benchmark Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter (in each case, subject to the availability for the

Benchmark applicable to the relevant Loan or Commitment), as the Borrower may elect; provided that, (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no tenor that has been removed from this definition pursuant to Section 2.14(e) shall be available for specification in such Borrowing Request or Interest Election Request. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of Indebtedness of, or purchase or other acquisition of any other Indebtedness or interest in, another Person or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the assets or business of, or a line of business, division or a separate operation of, another Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment, less any cash repayments thereof, returns thereon (whether as a principal payment, distribution, dividend, redemption or sale but not in excess of the amount of the relevant initial Investment) and liabilities expressly assumed by another person in connection with the sale of such investment.

"IP Rights" has the meaning assigned to such term in Section 3.20.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Issuing Bank" means, individually and collectively, each of JPMorgan Chase Bank, N.A., Wells Fargo Bank, National Association, Banco Santander, S.A. and any other Lender that agrees to act as an Issuing Bank, each in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. Each reference herein to the "Issuing Bank" in connection with a Letter of Credit or other matter shall be deemed to be a reference to the relevant Issuing Bank with respect thereto, and, further, references herein to "the Issuing Bank" shall be deemed to refer to each of the Issuing Banks or the relevant Issuing Bank, as the context requires.

"Jersey Collateral Agreement" means each of:

(a) the Jersey law governed security interest agreement over all Jersey situs intangible movable assets of the Borrower entered into between the Borrower (as grantor) and the

Administrative Agent (as secured party), substantially in the form attached hereto as Exhibit F-7 (the "Jersey Waldencast Finco Limited Security Interest Agreement");

(b) the Jersey law governed security interest agreement over all Jersey situs intangible moveable assets of Obagi Holdco 2 Limited entered into between Obagi Holdco 2 Limited (as grantor) and the Administrative Agent (as secured party), substantially in the form attached hereto as Exhibit F-8 (the "Jersey Obagi Holdco 2 Limited Security Interest Agreement"); and

(c) the Jersey law governed security interest agreement over all Jersey situs intangible moveable assets of the Parent Guarantor entered into between the Parent Guarantor (as grantor) and the Administrative Agent (as secured party), substantially in the form attached hereto as Exhibit F-9 (the "Jersey Waldencast Partners LP Security Interest Agreement").

"Jersey Obagi Holdco 2 Limited Security Interest Agreement" has the meaning assigned to such term in the definition of "Jersey Collateral Agreement".

"Jersey Waldencast Finco Limited Security Interest Agreement" has the meaning assigned to such term in the definition of "Jersey Collateral Agreement".

"Jersey Waldencast Partners LP Security Interest Agreement" has the meaning assigned to such term in the definition of "Jersey Collateral Agreement".

"JPM" has the meaning assigned to such term in the preamble hereto.

"Junior Indebtedness" has the meaning assigned to such term in Section 6.14.

"Latest Maturity Date" means, at any date of determination, the latest Maturity Date applicable to any Loan or Commitment hereunder at such time, including the latest maturity date of any Incremental Term Loans, in each case as extended in accordance with this Agreement from time to time

"Laws" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law

"LC Borrowing" means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Revolving Borrowing.

"LC Collateral Account" has the meaning assigned to such term in Section 2.06(j).

"LC Disbursement" means a payment made by any Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any

Revolving Lender at any time shall be its Applicable Percentage of the LC Exposure at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Article 29(a) of the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600 (or such later version thereof as may be in effect at the applicable time) or Rule 3.13 or Rule 3.14 of the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time) or similar terms of the Letter of Credit itself, or if compliant documents have been presented but not yet honored, such Letter of Credit shall be deemed to be "outstanding" and "undrawn" in the amount so remaining available to be paid, and the obligations of the Borrower and each Revolving Lender shall remain in full force and effect until the applicable Issuing Bank and the Revolving Lenders shall have no further obligations to make any payments or disbursements under any circumstances with respect to any Letter of Credit.

"LC Obligation" means, as at any date of determination, (i) the aggregate amount available to be drawn under all outstanding Letters of Credit plus (ii) the aggregate of all Unreimbursed Amounts, including all LC Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.10. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP in the case of a standby Letter of Credit and Uniform Customs, in the case of a commercial Letter of Credit, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"LCA Election" means the Borrower's election to treat a specified Investment in the nature of an acquisition (including a Permitted Acquisition but excluding the Funding Date Acquisitions) as a Limited Condition Acquisition by giving written notice of such election to the Administrative Agent at any time prior to the closing of such Limited Condition Acquisition.

"LCA Test Date" has the meaning assigned to such term in Section 1.12(c).

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Lender-Related Person" has the meaning assigned to such term in Section 9.03(b).

"Lenders" means the Persons listed on Schedule 2.01A and any other Person that shall have become a Lender hereunder pursuant to Section 2.20 or pursuant to an Assignment and Assumption or otherwise, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption or otherwise. Unless the context otherwise requires, the term "Lenders" includes the Issuing Banks.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"Letter of Credit Agreement" has the meaning assigned to such term in Section 2.06(b).

"Letter of Credit Commitments" means, with respect to each Issuing Bank, the commitment of such Issuing Bank to issue Letters of Credit hereunder. The initial amount of each Issuing Bank's Letter of Credit Commitment is set forth on Schedule 2.01B, or if an Issuing Bank has entered

into an Assignment and Assumption or has otherwise assumed a Letter of Credit Commitment after the Effective Date, the amount set forth for such Issuing Bank as its Letter of Credit Commitment in the Register maintained by the Administrative Agent. The Letter of Credit Commitment of an Issuing Bank may be modified from time to time by agreement between such Issuing Bank and the Borrower, and notified to the Administrative Agent.

"Liabilities" means any losses, claims (including intraparty claims), demands, damages or liabilities of any kind.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing); provided that, in no event shall an operating lease be deemed to constitute a Lien.

"Limited Condition Acquisition" means any Permitted Acquisition or other Investment (other than the Funding Date Acquisitions) in the nature of an acquisition, by the Parent Guarantor, the Borrower or any Restricted Subsidiary whose consummation is not, by the terms of the applicable purchase, sale, joint venture, merger or any other definitive agreement with respect to such Permitted Acquisition or other Investment, conditioned on the availability of, or on obtaining, third party financing.

"Liquidity" means, as of any date of determination, the sum of (i) unused Revolving Commitments at such time, plus (ii) the aggregate amount of Unrestricted Cash as of such time. For purposes of determining Liquidity, Revolving Commitments shall be deemed to be used at any date of determination to the extent of the outstanding Revolving Loans and LC Exposure at such time.

"Loan Documents" means this Agreement, any Notes, any Letter of Credit applications, any Letter of Credit Agreement, the Collateral Documents, the Guarantee Agreement, the Fee Letters, each agreement creating or perfecting rights in Cash Collateral, any joinder agreement and any other agreement or instrument designated by any Loan Party and the Administrative Agent as a "Loan Document" by its terms.

"Loan Parties" means, collectively, the Parent Guarantor, the Borrower and the Guarantors.

"Loans" means the loans (including any Revolving Loans or Term Loans) made by the Lenders to the Borrower pursuant to this Agreement.

"Master Agreement" has the meaning assigned to such term in the definition of "Swap Contract".

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the results of operations, business, properties, liabilities (actual or contingent) or financial condition of the Parent Guarantor, the Borrower and the Restricted Subsidiaries taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party

"Material Real Estate Asset" means any fee-owned real property with a fair market value, as reasonably determined by the Borrower (acting in good faith), in excess of $5,000,000.

"Material Subsidiary" means any Subsidiary that is not an Immaterial Subsidiary.

"Maturity Date" means the date that is four years from the Funding Date; provided that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

"Maximum Rate" has the meaning assigned to such term in Section 9.16.

"Maximum Total Leverage Ratio" has the meaning assigned to such term in Section 6.11(a)(ii).

"Measurement Period" means, (a) for any determination under this Agreement other than for purposes of calculating the ratios pursuant to Section 6.11, at any date of determination, the most recently completed four fiscal quarters of the Parent Guarantor for which financial statements are available and (b) for purposes of calculating the ratios pursuant to Section 6.11, at any date of determination, the most recently completed four fiscal quarters of the Parent Guarantor in respect of which Financials have been delivered or were required to be delivered to the Administrative Agent pursuant to Section 5.01(a) or (b), as applicable, for each fiscal quarter or fiscal year in such period (or, prior to the time any such statements are first required to be so delivered, the four fiscal quarters of the Borrower ending March 31, 2022).

"Milk" has the meaning assigned to such term in the recitals hereto.

"Milk Historical Annual Financial Statements" means audited consolidated balance sheets and statements of operations, and member's equity and cash flows of Milk and its Subsidiaries (including all notes thereto) as of and for the years ended December 31, 2021, December 31, 2020 and December 31, 2019, together with the auditor's reports thereon.

"Milk Purchase Agreement" has the meaning assigned to such term in the recitals hereto.

"Milk Quarterly Financial Statements" means unaudited consolidated balance sheets and related consolidated statements of operations, and member's equity and cash flows of Milk and its Subsidiaries (including all notes thereto) as of and for the quarter ended March 31, 2022.

"Minimum Liquidity Covenant" has the meaning assigned to such term in Section 6.11(c).

"MIRE Event" means, if there are any Mortgaged Properties at such time, any increase in the amount, extension of the maturity or renewal of any of the Commitments or Loans (other than (i) any conversion or continuation of any Borrowing from one Type into another Type, (ii) the making of any Revolving Loan or (iii) the issuance, renewal, extension or amendment of any Letter of Credit).

"MNPI" has the meaning assigned to such term in Section 5.02.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" has the meaning assigned to such term in Section 5.11(b).

"Mortgage Policies" has the meaning assigned to such term in Section 5.11(b).

"Mortgaged Property" means the Material Real Estate Assets listed on Schedule 5.11(b) and any real property which becomes subject to a Mortgage pursuant to Section 5.11(b).

"Multiemployer Plan" means an employee benefit plan defined in Section 4001(a)(3) of ERISA to which any Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years has made or been obligated to make contributions.

"Net Cash Proceeds" means with respect to any Disposition by the Parent Guarantor, the Borrower or any Restricted Subsidiary, or any Extraordinary Receipt received by or paid to or for the account of the Parent Guarantor, the Borrower or any Restricted Subsidiary, in each case, after the Funding Date, the excess, if any, of (i) the sum of cash and Cash Equivalents actually received in connection with such transaction (including any cash or Cash Equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) over (ii) the sum of (A) the principal amount of any Indebtedness that is secured by the applicable asset and that is required to be repaid in connection with such transaction (other than Indebtedness under the Loan Documents or Indebtedness that is secured by a Lien that ranks pari passu with or junior to the Liens securing the Obligations), (B) the selling costs and out-of-pocket expenses incurred (or reasonably expected to be incurred) by the Parent Guarantor, the Borrower or such Restricted Subsidiary in connection with such transaction, (C) taxes reasonably estimated to be actually payable within two years of the date of the relevant transaction, including any taxes payable as a result of any gain recognized in connection therewith; provided that, if the amount of any estimated taxes pursuant to subclause (C) exceeds the amount of taxes actually required to be paid in cash in respect of such Disposition, the aggregate amount of such excess shall be a reduction of the Taxes previously taken into account under subclause (C) for purposes of redetermining Net Cash Proceeds, (D) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP and (E) cash escrows (until released from escrow to the Parent Guarantor, the Borrower or any Restricted Subsidiary) from the sale price for such Disposition.

"Net Equity Proceeds" means, as at any date of determination, without duplication, an amount equal to any cash proceeds from a capital contribution to, or any cash proceeds from the issuance by the Parent Guarantor after the Funding Date of any Qualified Equity Interests of the Parent Guarantor (other than pursuant to any employee stock or stock option compensation plan or pursuant to any issuance permitted by Section 6.02(k) or 6.06(c)), in each case, after the Funding Date, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements), minus any portion of such amount used by the Parent Guarantor, the Borrower and the Restricted Subsidiaries on or prior to such date of determination to make (1) Investments pursuant to Section 6.02(c)(iv)(C)(3), (2) Investments pursuant to Section 6.02(o)(3), (3) Restricted Payments pursuant to Section 6.06(e)(3) or Section 6.06(f) or (4) payments of Junior Indebtedness pursuant to Section 6.14(c)(3). Notwithstanding anything to the contrary set forth herein, no assets or property held by Waldencast Acquisition Corp. or any subsidiary thereof on the Funding Date (including any assets held in the Trust Account, any proceeds from the PIPE

Investment, or any proceeds from the Forward Purchase Amount (each as defined in the Funding Date Acquisition Agreements)) and contributed to the Parent Guarantor or any Subsidiary after the Funding Date (or any other capital contributions or proceeds of issuances by the Parent Guarantor after the Funding Date as part of the Transactions) shall contribute to Net Equity Proceeds. Notwithstanding the foregoing, only such net proceeds (as calculated pursuant to the foregoing definition) in excess of $50,000,000 of the Second Amendment Equity Contribution shall constitute Net Equity Proceeds.

"New Lender Date" has the meaning assigned to such term in the definition of "UK DTTP Filing".

"NFIP" has the meaning assigned to such term in Section 5.11(b).

"Non-Consenting Lender" has the meaning assigned to such term in Section 9.02(e).

"Non-Recourse Debt" means Indebtedness:

(a) as to which neither the Parent Guarantor, the Borrower nor any Restricted Subsidiary (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), or (b) is directly or indirectly liable as a guarantor or otherwise;

(b) default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would not permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Obligations) of the Parent Guarantor, the Borrower or any Restricted Subsidiary to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(c) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Parent Guarantor, the Borrower or any Restricted Subsidiary.

"Notes" has the meaning assigned to such term in Section 2.10(e).

"NYFRB" means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that, if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m., New York City time, on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; provided further that, if any of the aforesaid rates as so determined would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"NYFRB's Website" means the website of the NYFRB at http://www.newyorkfed.org, or any successor source.

"Obagi" has the meaning assigned to such term in the recitals hereto.

"Obagi Historical Annual Financial Statements" means audited consolidated balance sheets and related statements of operations and comprehensive loss, and changes in shareholders' equity

and cash flows of Obagi and its Subsidiaries (including all notes thereto) as of and for the year ending December 31, 2021, December 31, 2020 and December 31, 2019, together with the auditor's reports thereon.

"Obagi Merger Agreement" has the meaning assigned to such term in the recitals hereto.

"Obagi Quarterly Financial Statements" means unaudited consolidated balance sheets and related statements of operations and comprehensive loss, and changes in shareholders' equity and cash flows of the Obagi and its Subsidiaries (including all notes thereto) as of and for the quarter ended March 31, 2022.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan, Letter of Credit, Secured Cash Management Agreement or Secured Hedge Agreement, in each case, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or limited liability company agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its incorporation, association, organization, formation or registration and, if applicable, any certificate or articles of formation or organization of such entity.

"Original Jurisdiction" means, in relation to each of the Parent Guarantor, the other Guarantors and the Borrower, the jurisdiction under whose laws the Parent Guarantor, each other Guarantor and the Borrower (as relevant) is incorporated as at the date of this Agreement.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan, Letter of Credit or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Outstanding LC Amount" has the meaning assigned to such term in Section 2.06(b).

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar transactions denominated in Dollars by U.S.-managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on the NYFRB's Website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

"Parent Guarantor General Partner" means the sole general partner of Waldencast Partners LP which shall be: (a) prior to the GP Replacement Date, Obagi HoldCo 1 Limited, a Jersey company incorporated with limited liability; and (b) on and after the GP Replacement Date, the Replacement General Partner (or its lawful assignee, transferee or successor).

"Participant" has the meaning assigned to such term in Section 9.04(c).

"Participant Register" has the meaning assigned to such term in Section 9.04(c).

"Patriot Act" means the USA PATRIOT Act of 2001.

"Payment" has the meaning assigned to such term in Section 8.06(c).

"Payment Notice" has the meaning assigned to such term in Section 8.06(c).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Act" means the Pension Protection Act of 2006.

"Pension Funding Rules" means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (excluding Multiemployer Plans) that is maintained or is contributed to (or required to be contributed to) by any Loan Party or any ERISA Affiliate or during the preceding five plan years was required to be contributed to by any Loan Party or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the Pension Funding Rules.

"Permitted Acquisition" means any acquisition (other than the Funding Date Acquisitions) by the Parent Guarantor, the Borrower or any Restricted Subsidiary in the form of acquisitions of (i) at least 50% of the Equity Interests in or (ii) all or substantially all of the assets, business or a line of business, division or a separate operation (whether by the acquisition of Equity Interests, assets or any combination thereof) of, any other Person, if:

(a) the acquired entity, assets or operations shall be in the Permitted Business;

(b) the aggregate amount of acquisitions made by the Parent Guarantor, the Borrower and the Restricted Subsidiaries in Persons that do not become Loan Parties as a result of any such acquisition and all other Permitted Acquisitions closed after the Effective Date shall not exceed the greater of (i)

$12,000,000 and (ii) 30% of the Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (1) prior to the Funding Date, Section 4.01(d)(i) and (2) on and after the Funding Date, Section 4.01(d)(i) and (ii), after giving effect to all acquisitions whether closed prior to, on or after the Effective Date, but prior to giving effect to the proposed acquisition; and

(c) no Event of Default shall have occurred and be continuing;

provided that, during the Covenant Relief Period, there shall be no Permitted Acquisition of any Person that does not become a Loan Party under this Agreement and the other Loan Documents.

"Permitted Business" means the lines of business in which the Parent Guarantor, the Borrower and the Restricted Subsidiaries, and the Targets and their respective Subsidiaries, are engaged on the Effective Date or a line of business reasonably related, complementary, synergistic or ancillary thereto or reasonable extensions thereof.

"Permitted Liens" means any Liens permitted under Section 6.01.

"Permitted Prior Liens" has the meaning assigned to such term in Section 3.22.

"Permitted Refinancing Indebtedness" means any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance"), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness) (and, in the case of revolving Indebtedness being Refinanced, to effect a corresponding reduction in the commitments with respect to such revolving Indebtedness being Refinanced); provided that, with respect to any Indebtedness being Refinanced: (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions and expenses, plus an amount equal to any existing commitment unutilized thereunder (the "Refinancing Excess Amounts")), (b) except with respect to Section 6.03(e), such Permitted Refinancing Indebtedness (x) has a final maturity date equal to or later than the earlier of (i) the final maturity date of the Indebtedness being Refinanced and (ii) the Latest Maturity Date then in effect and (y) has a Weighted Average Life to Maturity greater than or equal to the shorter of (i) the remaining Weighted Average Life to Maturity of the Indebtedness being Refinanced and (ii) the remaining Weighted Average Life to Maturity of each Facility hereunder, (c) if the Indebtedness being Refinanced is subordinated in right of payment to the Obligations under this Agreement, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to such Obligations on terms in the aggregate not materially less favorable to the Lenders as those contained in the documentation governing the Indebtedness being Refinanced (as determined by the Borrower in good faith), (d) if the Indebtedness being Refinanced was unsecured, such Permitted Refinancing Indebtedness shall also be unsecured (unless such Permitted Refinancing Indebtedness could otherwise be secured pursuant to Section 6.01), (e) no Permitted Refinancing Indebtedness shall have obligors that are not (or would not have been) obligated with respect to the Indebtedness being Refinanced (except that a Loan Party may be added as an additional obligor if such Loan Party would have otherwise been permitted to incur or Guarantee such Indebtedness pursuant to Section 6.03) and (f) if the Indebtedness being Refinanced is secured, (x) such

Permitted Refinancing Indebtedness may be secured (including by any Collateral pursuant to after-acquired property clauses to the extent any such Collateral secured (or would have secured) the Indebtedness being Refinanced) to the extent permitted by Section 6.01 and (y) the holders of such Permitted Refinancing Indebtedness or a representative thereof shall be or become a party to an intercreditor agreement reasonably satisfactory to the Administrative Agent (if such Indebtedness is secured by any or all of the Collateral).

"Permitted Tax Distributions" means, for any taxable period in which the Parent Guarantor is treated as a partnership or disregarded entity for U.S. federal income tax purposes, distributions by the Parent Guarantor to any direct or indirect beneficial owners of the Parent Guarantor in an amount reasonably determined by the Parent Guarantor not to exceed in any such taxable period the product of (a) the highest combined U.S. federal, state, and non-U.S. individual or corporate marginal tax rate (whichever is higher) pertaining to the type of income being taxed that is applicable to any partner of the Parent Guarantor and (b) the estimated aggregate combined U.S. federal, state, local and non-U.S. taxable income and gain allocated to the partners or other beneficial owners of the Parent Guarantor, directly or indirectly, by the Parent Guarantor for the relevant taxable period (including any section 704(c) amounts), reduced by any net losses, deductions and credits allocated to such persons, directly or indirectly, by the Parent Guarantor in prior taxable periods to the extent such items have not been previously taken into account in calculating Permitted Tax Distributions and are expected to be of a character that would permit such loss, deduction or credit to be deductible against income in the current taxable period, and calculated by disregarding the effect of any special basis adjustments under Code section 743 (assuming also that each such beneficial owner elects to carry forward such items and that such beneficial owner's only income, gain, deductions, losses and similar items are those allocated to such beneficial owner by the Parent Guarantor for purposes of such carry forward).

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan Asset Regulations" means 29 CFR § 2510.3-101 *et seq.*, as modified by Section 3(42) of ERISA, as amended from time to time.

"Platform" has the meaning assigned to such term in Section 5.02.

"Prepayment Event" means:

(a) any Disposition (including pursuant to a Sale and Leaseback Transaction) of any property or asset of the Parent Guarantor, the Borrower or any Restricted Subsidiary made pursuant to Section 6.05(j) or 6.05(k), which results in the realization by such Person of Net Cash Proceeds in excess of an aggregate amount of $5,000,000 per Fiscal Year; or

(b) the receipt by the Parent Guarantor, the Borrower or any Restricted Subsidiary of any Extraordinary Receipt, which results in the receipt by such Person of Net Cash Proceeds in excess of an aggregate amount of $5,000,000 per Fiscal Year; or

(c) the incurrence by the Parent Guarantor, the Borrower or any Restricted Subsidiary of any Indebtedness (other than Loans), other than Indebtedness permitted under Section 6.03 or permitted by the Required Lenders pursuant to Section 9.02.

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"Proceeding" means any claim, litigation, investigation, action, suit, arbitration or administrative, judicial or regulatory action or proceeding in any jurisdiction.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Public Lender" has the meaning assigned to such term in Section 5.02.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"QFC Credit Support" has the meaning assigned to it in Section 9.19.

"Qualified Acquisition" means any Permitted Acquisition or other permitted Investment that involves the payment of consideration by the Parent Guarantor, the Borrower and the Restricted Subsidiaries in excess of $15,000,000.

"Qualified Acquisition Election" has the meaning assigned to such term in Section 6.11(a)(ii).

"Qualified Equity Interests" means any Equity Interests that are not Disqualified Equity Interests.

"Ratio Calculation Date" has the meaning assigned to such term in Section 1.12(b)(i).

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank, as applicable, in each case including an assignee or a Participant.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is the Term SOFR Rate, 5:00 a.m. (Chicago time) on the day that is two (2) Business Days preceding the date of such setting, (2) if such Benchmark is Daily Simple SOFR (solely to the extent applicable following a Benchmark Replacement or otherwise pursuant to Section 2.14), then four (4) Business Days prior to such setting or (3) if such Benchmark is none of the Term SOFR Rate or Daily Simple SOFR, the time determined by the Administrative Agent in its reasonable discretion.

"Refinance" has the meaning assigned to such term in the definition of the term "Permitted Refinancing Indebtedness," "Refinancing" and "Refinanced" shall have a meaning correlative thereto.

"Refinancing Excess Amounts" has the meaning assigned to such term in the definition of the term "Permitted Refinancing Indebtedness."

"Register" has the meaning assigned to such term in Section 9.04(b).

"Register of Mortgages and Charges" has the meaning assigned to such term in Section 8.10(a)(i)(x).

"Regulation U" means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, controlling persons, advisors and other representatives of such Person and of such Person's Affiliates.

"Relevant Governmental Body" means, the Federal Reserve Board and/or the NYFRB, the CME Term SOFR Administrator, as applicable, or a committee officially endorsed or convened by the Federal Reserve Board and/or the NYFRB or, in each case, any successor thereto.

"Relevant Party" has the meaning assigned to such term in Section 2.17(h)(ii).

"Relevant Rate" means (i) with respect to any Term Benchmark Borrowing, the Adjusted Term SOFR Rate or (ii) with respect to any RFR Borrowing (solely to the extent applicable following a Benchmark Replacement or otherwise pursuant to Section 2.14), the Adjusted Daily Simple SOFR, as applicable.

"Replacement General Partner" means, in respect of the Parent Guarantor, Waldencast Cayman LLC, a limited liability company incorporated under the laws of the Cayman Islands with registration number 5126 whose registered office is at c/o Maples Corporate Services Limited, P. O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman KY1-1104, Cayman Islands.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Required Lenders" means Lenders having Credit Exposures, Unfunded Revolving Commitments and Term Loan Commitments representing more than 50% of the sum of the total Credit Exposures plus Unfunded Revolving Commitments plus Term Loan Commitments at such time; provided that, for the purpose of determining the Required Lenders needed for any waiver, amendment, modification or consent of or under this Agreement or any other Loan Document, any Lender that is a Defaulting Lender shall be disregarded, together with its Credit Exposures, Unfunded Revolving Commitments and Term Loan Commitments.

"Required Revolving Lenders" means Revolving Lenders having Revolving Credit Exposures and Unfunded Revolving Commitments representing more than 50% of the sum of the Total Revolving Credit Exposure and Unfunded Revolving Commitments at such time; provided that, for the purpose of determining the Required Revolving Lenders needed for any waiver, amendment, modification or consent of or under this Agreement or any other Loan Document, any Revolving Lender that is a

Defaulting Lender shall be disregarded, together with its Credit Exposures and Unfunded Revolving Commitments.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means the chief executive officer, president, director, chief financial officer, director of corporate finance, treasurer, assistant treasurer or controller (or, in the case of the Parent Guarantor, the sole manager of its general partner) of a Loan Party, and including solely for purposes of Section 4.01, the secretary or assistant secretary of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of any Person or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to any Person's equity holders, partners or members (or the equivalent of any thereof) or any option, warrant or other right to acquire any such dividend or other distribution or payment.

"Restricted Subsidiary" means any Subsidiary other than an Unrestricted Subsidiary.

"Revolving Commitment" means, with respect to each Lender, the amount set forth on Schedule 2.01A opposite such Lender's name under the heading "Revolving Commitment", or in the Assignment and Assumption or other documentation or record (as such term is defined in Section 9-102(a)(70) of the New York Uniform Commercial Code) contemplated hereby pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable, and giving effect to (a) any reduction in such amount from time to time pursuant to Section 2.09, (b) any increase from time to time pursuant to Section 2.20 and (c) any reduction or increase in such amount from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04; provided that, at no time shall the Revolving Credit Exposure of any Lender exceed its Revolving Commitment. The initial aggregate amount of the Revolving Commitments on the Effective Date is $50,000,000.

"Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure at such time.

"Revolving Facility" means, at any time, the aggregate amount of the Revolving Lenders' Revolving Commitments at such time and Credit Events thereunder.

"Revolving Lender" means, as of any date of determination, each Lender that has a Revolving Commitment or, if the Revolving Commitments have terminated or expired, a Lender with Revolving Credit Exposure.

"Revolving Loan" means a Loan made by a Revolving Lender pursuant to Section 2.01(a).

"RFR Borrowing" means, as to any Borrowing, the RFR Loans comprising such Borrowing.

"RFR Loan" means a Loan that bears interest at a rate based on the Adjusted Daily Simple SOFR.

"S&P" means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business.

"Sale and Leaseback Transaction" means any sale or other transfer of any property or asset by any Person with the intent to lease such property or asset as lessee.

"Sanctioned Country" means, at any time, a country, territory, or region that is the subject of Sanctions (at the time of this Agreement, the so - called Donetsk People's Republic, the so- called Luhansk People's Republic, and the Crimea regions of Ukraine, and Cuba, Iran, North Korea and Syria).

"Sanctioned Person" means (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or the Government of Canada or any other relevant sanctions authority with jurisdiction over any party to this Agreement, (b) any Person located, organized or ordinarily resident in a Sanctioned Country or (c) any Person 50% or more owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or the Government of Canada or any other relevant sanctions authority with jurisdiction over any party to this Agreement.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Second Amendment" means the Second Amendment and Waiver to this Agreement, dated as of September 15, 2023, among the Parent Guarantor, the Borrower, the Lenders party thereto and the Administrative Agent.

"Second Amendment Effective Date" has the meaning assigned to such term in the Second Amendment.

"Second Amendment Equity Contribution" has the meaning assigned to such term in the Second Amendment.

"Secured Cash Management Agreement" means any Cash Management Agreement that is entered into by and between any Loan Party and any Cash Management Bank.

"Secured Cash Management Obligations" means any and all obligations of the Loan Parties, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Secured Cash Management Agreements.

"Secured Hedge Agreement" means any interest rate, currency or commodity Swap Contract permitted under this Agreement that is entered into by and between a Loan Party and any Hedge Bank.

"Secured Hedging Obligations" means any and all obligations of the Loan Parties, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Secured Hedge Agreements. "Secured Parties" means, collectively, the Administrative Agent, the Lenders, the Issuing Banks, with respect to any Secured Cash Management Agreement, the Cash Management Banks, with respect to any Secured Hedge Agreement, the Hedge Banks, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.04, and the other Persons the Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents.

"SIR" has the meaning assigned to such term in the definition of "Excluded Assets".

"SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the NYFRB's Website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"SOFR Rate Day" has the meaning assigned to such term in the definition of "Daily Simple SOFR".

"Solvency Certificate" means a certificate substantially in the form attached hereto as Exhibit H.

"Solvent" means, with respect to the Parent Guarantor, the Borrower and the Subsidiaries on any date of determination, that on such date (a) the sum of the liabilities of the Parent Guarantor, the Borrower and the Subsidiaries, taken as a whole, does not exceed either the present fair saleable value or fair value of the assets of the Parent Guarantor, the Borrower and the Subsidiaries, taken as a whole; (b) the capital of the Parent Guarantor, the Borrower and the Subsidiaries, taken as a whole, is not unreasonably small in relation to the business of the Parent Guarantor, the Borrower and the Subsidiaries, taken as a whole, contemplated through the maturity of the credit facilities evidenced by this Agreement, and (c) the Parent Guarantor, the Borrower and the Subsidiaries, taken as a whole, do not intend to incur, or believe that they will incur, debts including current obligations beyond their ability to pay such debts as they mature in the ordinary course of business. For the purposes hereof, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances

existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"Specified Acquisition Agreement Representations" means the representations and warranties made by, or with respect to, each Target and its Subsidiaries in its respective Funding Date Acquisition Agreement as are material to the interests of the Lenders, but only to the extent that the Borrower (or its Affiliates) has the right to terminate its (or their) obligations under such Funding Date Acquisition Agreement or to decline to consummate the applicable Funding Date Acquisition (in accordance with the terms thereof) as a result of a breach of such representations and warranties in such Funding Date Acquisition Agreement.

"Specified Ancillary Obligations" means all obligations and liabilities (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) of the Parent Guarantor or any of the Subsidiaries, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, to the Lenders or any of their Affiliates under any Secured Hedge Agreement or any Secured Cash Management Agreement; provided that, the definition of "Specified Ancillary Obligations" shall not create or include any guarantee by any Loan Party of (or grant of security interest by any Loan Party to support, as applicable) any Excluded Swap Obligations of such Loan Party for purposes of determining any obligations of any Loan Party.

"Specified Assets" means, collectively, (a) letter of credit rights (other than to the extent the security interest in such letter of credit rights may be perfected by the filing of UCC financing statements) with a value of less than $2,500,000, (b) commercial tort claims with a value of less than $2,500,000 and (c) such assets as to which the Administrative Agent and the Borrower reasonably agree that the cost of obtaining such a security interest therein or perfection thereof are excessive in relation to the benefit to the Secured Parties of the security to be afforded thereby.

"Specified Representations" means with respect to the Parent Guarantor, the Borrower and any other Loan Party, the representations and warranties in Sections 3.01(a) (only with respect to the organizational existence of the Loan Parties), 3.01(b)(ii), 3.02(a), 3.02(b)(i), 3.04, 3.14, 3.19, 3.20, 3.21, 3.22(c) and 3.23.

"Specified Swap Obligation" means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

"Spot Rate" for a currency means the rate determined by the Administrative Agent to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided that, the Administrative Agent may obtain such spot rate from another financial institution designated by the Administrative Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Parent Guarantor.

"Supplier" has the meaning assigned to such term in Section 2.17(h)(ii).

"Supported QFC" has the meaning assigned to it in Section 9.19.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other similar master agreement relating to a transaction described in clause (a) (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Target Historical Annual Financial Statements" means the Obagi Historical Annual Financial Statements and the Milk Historical Annual Financial Statements.

"Target Quarterly Financial Statements" means the Obagi Quarterly Financial Statements and the Milk Quarterly Financial Statements.

"Targets" has the meaning assigned to such term in the recitals hereto.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Benchmark" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted Term SOFR Rate.

"Term Facility" means, at any time, (a) prior to the funding of the Term Loans on the Funding Date, the aggregate amount of the Term Loan Commitments at such time and (b) thereafter, the aggregate principal amount of the Term Loans of all Term Lenders outstanding at such time.

"Term Lender" means, as of any date of determination, each Lender having a Term Loan Commitment or that holds Term Loans.

"Term Loan Commitment" means (a) with respect to any Term Lender, the amount set forth on Schedule 2.01A opposite such Lender's name under the heading "Term Loan Commitment", or in the Assignment and Assumption or other documentation or record (as such term is defined in Section 9-102(a)(70) of the New York Uniform Commercial Code) contemplated hereby pursuant to which such Lender shall have assumed its Term Loan Commitment, as applicable, and giving effect to (i) any reduction in such amount from time to time pursuant to Section 2.09 and (ii) any reduction or increase in such amount from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04 and (b) as to all Term Lenders, the aggregate commitments of all Term Lenders to make Term Loans. The initial aggregate amount of the Term Loan Commitments on the Effective Date is $175,000,000.

"Term Loans" means the term loans made by the Term Lenders to the Borrower pursuant to Section 2.01(b).

"Term SOFR Determination Day" has the meaning assigned to it under the definition of "Term SOFR Reference Rate".

"Term SOFR Rate" means, with respect to any Term Benchmark Borrowing and for any tenor comparable to the applicable Interest Period, the Term SOFR Reference Rate at approximately 5:00 a.m., Chicago time, two (2) U.S. Government Securities Business Days prior to the commencement of such tenor comparable to the applicable Interest Period, as such rate is published by the CME Term SOFR Administrator.

"Term SOFR Reference Rate" means, for any day and time (such day, the "Term SOFR Determination Day"), with respect to any Term Benchmark Borrowing denominated in Dollars and for any tenor comparable to the applicable Interest Period, the rate per annum determined by the Administrative Agent as the forward-looking term rate based on SOFR. If by 5:00 pm (New York City time) on such Term SOFR Determination Day, the "Term SOFR Reference Rate" for the applicable tenor has not been published by the CME Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Rate has not occurred, then the Term SOFR Reference Rate for such Term SOFR Determination Day will be the Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate was published by the CME Term SOFR Administrator, so long as such first preceding Business Day is not more than five (5) Business Days prior to such Term SOFR Determination Day.

"Termination Date" has the meaning assigned to it in Section 9.14(c).

"Threshold Amount" means $6,000,000.

~~"Total Annualized Leverage Ratio" means, with respect to any Measurement Period ending on any of September 30, 2023, December 31, 2023 or March 31, 2024, the ratio of (a) Consolidated Funded Indebtedness as of the last day of such Measurement Period to (b) Annualized EBITDA for such Measurement Period, in each case, for the Parent Guarantor, the Borrower and the Restricted Subsidiaries.~~

"Total Leverage Ratio" means, with respect to any Measurement Period, the ratio of (a) Consolidated Funded Indebtedness as of the last day of such Measurement Period to (b) Consolidated EBITDA for the most recently completed Measurement Period, in each case, for the Parent Guarantor, the Borrower and the Restricted Subsidiaries. The Borrower shall set forth the calculation of the Total Leverage Ratio as of the Funding Date on Schedule 1.01 on the Funding Date.

"Total Revolving Credit Exposure" means, at any time, the sum of (a) the outstanding principal amount of the Revolving Loans at such time and (b) the total LC Exposure at such time.

"Trade Date" has the meaning assigned to such term in Section 9.04(e).

"Transactions" means, collectively, (a) the Existing Credit Agreement Refinancing, (b) the entering into by the Borrower and the other Loan Parties of the Loan Documents to which they are or are intended to be a party, (c) any initial Credit Events on the Funding Date, (d) the consummation of the Funding Date Acquisitions and (e) the payment of the fees and expenses incurred in connection with the consummation of the foregoing.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted Term SOFR Rate or the Alternate Base Rate (or, solely to the extent applicable following a Benchmark Replacement or otherwise pursuant to Section 2.14, the Adjusted Daily Simple SOFR).

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"UK Corporation Tax Act" means the Corporation Tax Act 2009 of the United Kingdom.

"UK Direction" has the meaning assigned to such term in the definition of "Excluded Taxes".

"UK DTTP Filing" means an HMRC Form DTTP2 duly completed and filed by the Borrower, which: (a) where it relates to a UK Treaty Lender that is a Lender on the date of this Agreement, contains the scheme reference number and jurisdiction of tax residence opposite that Lender's name on Schedule 2.17(f), and (i) generally, is filed with HMRC within thirty (30) days of the UK Tax Migration Date; or (ii) where the Borrower becomes a Borrower after the date of this Agreement and the UK Tax Migration Date has passed, is filed with HMRC within thirty (30) days of the date on which that

Borrower becomes a Borrower under this Agreement; or (b) where it relates to a UK Treaty Lender that becomes a Lender after the date of this Agreement (the date on which the UK Treaty Lender becomes a Lender being the "New Lender Date"), contains the scheme reference number and jurisdiction of tax residence in the relevant Assignment and Assumption, and (i) generally, if the UK Tax Migration Date occurs after the New Lender Date, is filed at least within thirty (30) days of the UK Tax Migration Date; and (ii) where the UK Treaty Lender becomes a Lender and the UK Tax Migration Date has passed, is filed with HMRC within thirty (30) days of the New Lender Date; and (iii) where the Borrower becomes a Borrower after the New Lender Date and the UK Tax Migration Date has passed, is filed with HMRC within thirty (30) days of the date on which that Borrower becomes a Borrower under this Agreement.

"UK DTTP Scheme" has the meaning assigned to such term in Section 2.17(f)(ii).

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Qualifying Lender" means (a) a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Loan Document and is: (i) a Lender: (y) which is a bank (as defined for the purpose of section 879 of the UK Taxes Act) making an advance under a Loan Document and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance or would be within such charge as respects such payment apart from section 18A of the UK Corporation Tax Act; or (z) in respect of an advance made under a Loan Document by a person that was a bank (as defined for the purpose of section 879 of the UK Taxes Act) at the time that that advance was made and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or (ii) a Lender which is: (x) a company resident in the United Kingdom for United Kingdom tax purposes; (y) a partnership each member of which is (A) a company resident in the United Kingdom or (B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the UK Corporation Tax Act) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the UK Corporation Tax Act; (z) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the UK Corporation Tax Act) of that company; (iii) a UK Treaty Lender, or (b) a Lender which is a building society (as defined for the purposes of section 880 of the UK Taxes Act) making an advance under a Loan Document.

"UK Tax Confirmation" means a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Loan Document is either: (a) a company resident in the United Kingdom for United Kingdom tax purposes; (b) a partnership each member of which is (A) a company resident in the United Kingdom or (B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the UK Corporation Tax Act) the whole of any share of interest payable in respect of that advance that falls to

it by reason of Part 17 of the UK Corporation Tax Act; or (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (for the purposes of section 19 of the UK Corporation Tax Act) of that company.

"UK Tax Deduction" has the meaning assigned to such term in the definition of "Excluded Taxes".

"UK Tax Deduction Refund" has the meaning assigned to such term in Section 2.17(g).

"UK Tax Migration Date" means the first day of any accounting period in which any one of the Loan Parties or Restricted Subsidiaries files for UK corporation tax (including any accounting period in respect of which a nil UK corporation tax return is filed).

"UK Taxes Act" means the Income Tax Act 2007 of the United Kingdom.

"UK Treaty Lender" means a Lender which is treated as a resident of a UK Treaty State for the purposes of the Treaty, does not carry on a business in the United Kingdom through a permanent establishment with which that Lender's participation in the Loan is effectively connected and meets all other conditions in the Treaty for full exemption from tax imposed by the United Kingdom on interest, except that for this purpose it shall be assumed that any necessary procedural formalities are satisfied.

"UK Treaty State" means a jurisdiction having a double taxation agreement (a "Treaty") with the United Kingdom, which makes provision for full exemption from tax imposed by the United Kingdom on interest.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unfunded Revolving Commitment" means, with respect to each Lender, the Revolving Commitment of such Lender less its Revolving Credit Exposure.

"United Kingdom" or "UK" means the United Kingdom of Great Britain and Northern Ireland.

"United States" or "U.S." mean the United States of America.

"Unliquidated Obligations" means, at any time, any Obligations (or portion thereof) that are contingent in nature or unliquidated at such time, including any Obligation that is: (i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it; (ii) any other obligation (including any guarantee) that is contingent in nature at such time; or (iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

"Unreimbursed Amount" has the meaning assigned to it in Section 2.06(e).

"Unrestricted Cash" means unrestricted cash and Cash Equivalents owned by Parent Guarantor, the Borrower and the Restricted Subsidiaries and not controlled by or subject to any Lien in favor of any creditor (other than Liens permitted by Section 6.01(p), (s)(i) or (s)(ii) and Liens created under the Collateral Documents).

"Unrestricted Subsidiary" means any Subsidiary (other than the Borrower or any parent of the Borrower) that is designated by the Borrower as an Unrestricted Subsidiary in accordance with Section 5.16, but only to the extent that such Subsidiary:

(a) has no Indebtedness other than Non-Recourse Debt;

(b) is not party to any agreement, contract, arrangement or understanding with the Parent Guarantor, the Borrower or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are not materially less favorable to the Parent Guarantor, the Borrower or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Borrower;

(c) is a Person with respect to which neither the Parent Guarantor, the Borrower nor any Restricted Subsidiary has any direct or indirect obligation (x) to subscribe for additional Equity Interests or (y) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified level of operating results; and

(d) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Parent Guarantor, the Borrower or any Restricted Subsidiary unless such guarantee or credit support is released upon its designation as an Unrestricted Subsidiary.

"U.S. Collateral Agreement" means the Collateral Agreement, to be dated as of the Funding Date, among the Grantors (as defined therein) party thereto and the Administrative Agent, substantially in the form attached hereto as Exhibit F-1.

"U.S. Government Securities Business Day" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Special Resolution Regime" has the meaning assigned to it in Section 9.19.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.17(f)(ii)(B)(3).

"VAT" means: (i) any value added tax imposed by the Value Added Tax Act 1994 of the United Kingdom; (ii) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and (iii) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) or (b) above, or imposed elsewhere.

"VAT Recipient" has the meaning assigned to such term in Section 2.17(h)(ii).

"Waldencast Acquisition Corp." has the meaning assigned to such term in the recitals hereto.

"Waldencast Acquisition Corp. Annual Financial Statements" means audited balance sheets and related statements of operations, changes in shareholders' deficit and cash flows of Waldencast Acquisition Corp. for the fiscal year ended December 31, 2021.

"Waldencast Acquisition Corp. Quarterly Financial Statements" means unaudited balance sheets and related statements of operations and cash flows of Waldencast Acquisition Corp. for each fiscal quarter ending after December 31, 2021 and at least forty-five (45) days before the Effective Date.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (i) the sum of the products obtained by multiplying (a) the amount of each then remaining scheduled installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final scheduled maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment by (ii) the then outstanding principal amount of such Indebtedness; provided that, for purposes of determining the Weighted Average Life to Maturity of any Indebtedness that is being modified, refinanced, refunded, renewed, replaced or extended (the "Applicable Indebtedness"), the effect of any prepayments made on such Applicable Indebtedness prior to the date of the applicable modification, refinancing, refunding, renewal, replacement or extension shall be disregarded.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Term Benchmark Loan") or by Class and Type (e.g., a "Term Benchmark Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving Borrowing") or by Type (e.g., a "Term Benchmark Borrowing") or by Class and Type (e.g., a "Term Benchmark Revolving Borrowing").

SECTION 1.03. Terms Generally. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including"

shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document and any Loan Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented, extended, renewed, replaced, refinanced or otherwise modified (subject to any restrictions on such amendments, restatements, amendments and restatements, supplements, extensions, renewals, replacements, refinancings or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference in any Loan Document to any law (including by succession of comparable successor laws) shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such law and any reference to any law or regulation in any Loan Document shall, unless otherwise specified, refer to such law or regulation as consolidated, amended, replaced, supplemented or interpreted from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a Person, or an allocation of assets to a series of a Person (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a Person shall constitute a separate Person hereunder (and each division of any Person that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

(e) For the purposes of this Agreement and all other Loan Documents, a reference to Parent Guarantor (x) making any representation or warranty (including the representations and warranties contained in Article III hereof) is a reference to Parent Guarantor acting through its general partner, the Parent Guarantor General Partner, or to the Parent Guarantor General Partner acting in its capacity as general partner of Parent Guarantor on its behalf and (y) taking any action, having any power or authority to take any action, or owning, holding or dealing with any asset is a reference to Parent Guarantor acting through its general partner, the Parent Guarantor General Partner.

SECTION 1.04. Accounting Terms; Changes in GAAP; Rounding. (a) Subject to Section 1.04(b), all accounting terms not specifically or completely defined herein shall be construed in

conformity with GAAP, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP, applied on a consistent basis, as in effect from time to time; provided that, if at any time a change in GAAP occurs that would result in a change to the method of accounting for obligations relating to a lease that was accounted for by a Person as an operating lease as of the Effective Date (or any similar lease entered into after the Effective Date by such Person), such obligations shall be accounted for as obligations relating to an operating lease and not as a Capital Lease.

(b) If at any time any change in GAAP or the application thereof would affect the computation or interpretation of any financial ratio, basket, requirement or other provision set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio, basket, requirement or other provision to preserve the original intent thereof in light of such change in GAAP or the application thereof (subject to the consent of the Required Lenders; such consent not to be unreasonably withheld, conditioned or delayed); provided that, until so amended, such ratio, basket, requirement or other provision shall continue to be computed or interpreted in accordance with GAAP or the application thereof prior to such change therein.

(c) Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to (i) any election under Financial Accounting Standards Board Accounting Standards Codification 825 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Parent Guarantor, the Borrower or any Subsidiary at "fair value", as defined therein and (ii) any treatment of Indebtedness under Accounting Standards Codification 470-20 or 2015-03 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

(d) Notwithstanding any other provision contained herein or any requirement under GAAP, all obligations of any Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance by the FASB on February 25, 2016 of an Accounting Standards Update (the "ASU") shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as Capital Leases in the financial statements of such Person.

(e) Any financial ratios required to be maintained or complied with by the Parent Guarantor or the Borrower pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

SECTION 1.05. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern Time (daylight or standard, as applicable).

SECTION 1.06. Interest Rates; Benchmark Notification. The interest rate on a Loan denominated in dollars may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, Section 2.14(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the existing interest rate being replaced or have the same volume or liquidity as did any existing interest rate prior to its discontinuance or unavailability. The Administrative Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

SECTION 1.07. Currency Equivalents Generally; Change of Currency. For purposes of this Agreement and the other Loan Documents (other than Articles 2, 8 and 9 hereof), where the permissibility of a transaction or determinations of required actions or circumstances depend upon compliance with, or are determined by reference to, amounts stated in Dollars, such amounts shall be deemed to refer to Dollars or Dollar Equivalents and any requisite currency translation shall be based on the Spot Rate in effect on the Business Day of such transaction or determination. Notwithstanding the foregoing, for purposes of determining compliance with Sections 6.01, 6.02 and 6.03 with respect to any amount of Liens, Indebtedness or Investment in currencies other than Dollars, no Default shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such Lien is created, Indebtedness is incurred or Investment is made. Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify with the Borrower's consent (not to be unreasonably withheld) to appropriately reflect a change in currency of any country and any relevant market conventions or practices relating to such change in currency.

SECTION 1.08. Timing of Payment and Performance. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as described in the definition of Interest Period) or performance shall extend to the immediately succeeding Business Day.

SECTION 1.09. Jersey Terms. In each Loan Document, where it relates to a person (i) incorporated, (ii) established, (iii) constituted, (iv) formed, (v) which carries on, or has carried on, business, or (vi) that owns immovable property, in each case, in Jersey, a reference to:

(a) a "composition, compromise, assignment or arrangement with any creditor", "winding-up", "administration", "insolvency", "insolvent", "bankruptcy", "liquidation" or "dissolution" includes, without limitation, "bankruptcy" (as that term is interpreted pursuant to Article 8 of the Interpretation (Jersey) Law 1954), a compromise or arrangement of the type referred to in Article 125 of the Companies (Jersey) Law 1991, any procedure or process referred to in Part 21 of the Companies (Jersey) Law 1991, and any other similar proceedings affecting the rights of creditors generally under Jersey law, and shall be construed so as to include any equivalent or analogous proceedings;

(b) a "liquidator", "receiver", "administrative receiver", "administrator" or the like includes, without limitation, the Viscount of the Royal Court of Jersey, Autorisés, any provisional liquidator or liquidator appointed pursuant to Part 21 of the Companies (Jersey) Law 1991, or any other person performing the same function of each of the foregoing;

(c) a "security interest", "security", "encumbrance", "lien" or the like includes, without limitation, any hypothèque, whether conventional, judicial or arising by operation of law and any security interest created pursuant to the Security Interests (Jersey) Law 1983 or Security Interests (Jersey) Law 2012 and any related legislation; and

(d) any equivalent or analogous procedure or step being taken in connection with insolvency includes any corporate action, legal proceedings or other formal procedure or step being taken in connection with an application for a declaration of *en désastre* being made in respect of any such entity or any of its assets (or the making of such declaration) or the service of a statutory demand pursuant to Section 21 of the Companies (Jersey) Law 2991 in respect of such entity.

SECTION 1.10. Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the amount of such Letter of Credit available to be drawn at such time; provided that, with respect to any Letter of Credit that, by its terms or the terms of any Letter of Credit Agreement related thereto, provides for one or more automatic increases in the available amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum amount is available to be drawn at such time.

SECTION 1.11. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

SECTION 1.12. Certain Calculations.

(a) All pro forma calculations permitted or required to be made by the Parent Guarantor, the Borrower or any Restricted Subsidiary pursuant to this Agreement shall include only those adjustments that have been prepared in good faith based upon reasonably detailed written assumptions believed by the Borrower at the time of preparation to be reasonable and which are reasonably foreseeable. Any ratio calculated hereunder that includes Consolidated EBITDA shall look to Consolidated EBITDA for the most recently completed Measurement Period.

(b) The pro forma Total Leverage Ratio, pro forma Interest Coverage Ratio and pro forma Consolidated EBITDA shall be calculated as follows:

(i) in the event that the Parent Guarantor, the Borrower or any Restricted Subsidiary incurs, assumes, guarantees, redeems, retires or extinguishes any Indebtedness subsequent to the last day of the Measurement Period for which such pro forma ratio is being calculated but on or prior to the date of the event for which the calculation of such pro forma ratio is being made (a "Ratio Calculation Date"), then such pro forma ratio shall be calculated as if such incurrence, assumption, guarantee, redemption, retirement or extinguishment of Indebtedness (and all other incurrences, assumptions, guarantees, redemptions, retirements or extinguishments of Indebtedness consummated since the last day of the applicable Measurement Period but on or prior to the Ratio Calculation Date) had occurred at the last day of the applicable Measurement Period; provided that, (i) in the case of any incurrence of Indebtedness or establishment of any revolving credit or delayed draw commitments, a borrowing of the maximum amount of Indebtedness available under such revolving credit or delayed draw commitments shall be assumed and (ii) the pro forma Consolidated Interest Expense for the applicable Measurement Period shall be calculated assuming such Indebtedness had been outstanding or repaid, as the case may be, since the first day and through the end of the applicable Measurement Period (taking into account any interest rate Swap Contracts applicable to such Indebtedness);

(ii) in the event that any Permitted Acquisitions or other permitted Investments in the nature of an acquisition are made subsequent to the last day of the applicable Measurement Period for which such pro forma ratio is being calculated but on or prior to the Ratio Calculation Date, then Consolidated EBITDA shall be (x) increased by an amount equal to the Consolidated EBITDA attributable to the property or Investment that is the subject of such Permitted Acquisition or other permitted Investment in the nature of an acquisition, in each case assuming such Permitted Acquisition or other permitted Investment had been made on the first day of the applicable Measurement Period and (y) otherwise calculated as set forth in the third paragraph of the definition of "Consolidated EBITDA" on a Pro Forma Basis; and

(iii) in the event that Dispositions are made subsequent to the last day of the applicable Measurement Period for which such pro forma ratio is being calculated but on or prior to the relevant Ratio Calculation Date, then Consolidated EBITDA shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Disposition or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto, in each case assuming such Disposition had been made on the first day of the applicable Measurement Period.

(c) Notwithstanding anything to the contrary in this Agreement, solely for the purpose of (A) measuring the relevant financial ratios and basket availability or pro forma compliance with any covenant with respect to the incurrence of any Indebtedness (including any Incremental Term Loans, Incremental Revolving Loans, Incremental Term Facility, or Incremental Revolving Commitments) or Liens or the making of any Investments (including the determination of whether an acquisition is a Permitted Acquisition) or Dispositions or the designation of any Subsidiary as a Restricted Subsidiary or an Unrestricted Subsidiary or (B) other than in connection with the establishment of any Incremental Revolving Facility or the incurrence of any Revolving Loans, determining compliance with

representations and warranties or the occurrence of any Default or Event of Default (other than any Event of Default pursuant to Section 7.01(a), (f) or (g)), in each case, in connection with any action being taken in connection with a Limited Condition Acquisition (including any incurrence or assumption of Indebtedness and the use of proceeds thereof, the incurrence or assumption of any Liens, the making of any Investments or Restricted Payments or the repayment of any Indebtedness for which an irrevocable notice of prepayment or redemption is required), if the Borrower has made an LCA Election with respect to such Limited Condition Acquisition, the date of determination of whether any such action is permitted hereunder shall be deemed to be the date on which the definitive agreements for such Limited Condition Acquisition are entered into (the "LCA Test Date"), and if, after giving effect on a Pro Forma Basis to the Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any incurrence or assumption of Indebtedness and the use of proceeds thereof, the incurrence or assumption of any Liens, the making of any Investments or Restricted Payments or the repayment of any Indebtedness for which an irrevocable notice of prepayment or redemption is required) as if they had occurred at the beginning of the most recently completed Measurement Period ending prior to the LCA Test Date, the Borrower could have taken such action on the relevant LCA Test Date in compliance with such financial ratio or basket, such financial ratio or basket shall be deemed to have been complied with. If the Borrower has made an LCA Election for any Limited Condition Acquisition, then in connection with any subsequent calculation of any financial ratio or basket availability on or following the relevant LCA Test Date and prior to the earlier of (x) the date on which such Limited Condition Acquisition is consummated or (y) the date that the definitive agreement for such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, any such financial ratio or basket availability shall be calculated (and tested) (A) on a Pro Forma Basis assuming such Limited Condition Acquisition and other transactions in connection therewith (including any incurrence or assumption of Indebtedness and the use of proceeds thereof, the incurrence or assumption of any Liens, the making of any Investments or Restricted Payments or the repayment of any Indebtedness for which an irrevocable notice of prepayment or redemption is required) have been consummated until such time as the applicable Limited Condition Acquisition has actually closed or the definitive agreement with respect thereto has been terminated and (B) solely with respect to (i) the making of any Restricted Payments or (ii) payments of Junior Indebtedness, on a standalone basis without giving effect to such Limited Condition Acquisition and the other transactions in connection therewith.

(d) For purposes of determining compliance with Sections 6.01, 6.02, 6.03, 6.06 and 6.14, with respect to any grant of any Lien, the making of any Investment or Restricted Payment, the incurrence of any Indebtedness or the prepayment, redemption, purchase, defeasement or satisfaction of Junior Indebtedness (each, a "Covenant Transaction") in reliance on a "basket" that makes reference to a percentage of Consolidated EBITDA or Consolidated Total Assets, no Default or Event of Default shall be deemed to have occurred solely as a result of changes in the amount of Consolidated EBITDA or Consolidated Total Assets, as applicable, occurring after the time such Covenant Transaction is incurred, granted or made in reliance on such provision.

(e) For purposes of calculating any ratio test utilized in any debt incurrence test (including any amounts permitted to be incurred pursuant to Section 2.20), such ratio shall be calculated after giving effect to any such incurrence on a pro forma basis, and, in each case, with respect to any revolving credit commitments being established utilizing a debt incurrence test (including any Incremental Revolving Facility), assuming a borrowing of the maximum amount of such revolving credit commitment (but no other previously established revolving commitment).

(f) Notwithstanding anything to the contrary herein, with respect to any amounts incurred or transactions entered into (or consummated) in reliance on a provision of this Agreement that does not require compliance with a financial ratio or test (any such amounts, the "Fixed Amounts") substantially concurrently with any amounts incurred or transactions entered into (or consummated) in reliance on a provision of this Agreement that requires compliance with a financial ratio or test (including any Total Leverage Ratio test and any Interest Coverage Ratio test) (any such amounts, the "Incurrence-Based Amounts"), it is understood and agreed that the Fixed Amounts shall be disregarded in the calculation of the financial ratio or test applicable to any substantially concurrent utilization of the Incurrence-Based Amounts.

SECTION 1.13. Basket Amounts and Application of Multiple Relevant Provisions. Notwithstanding anything to the contrary, (a) unless specifically stated otherwise herein, any dollar, number, percentage or other amount available under any carve-out, basket, exclusion or exception to any affirmative, negative or other covenant in this Agreement or the other Loan Documents may be accumulated, added, combined, aggregated or used together by any Loan Party and the Subsidiaries without limitation for any purpose not prohibited hereby, and (b) any action or event permitted by this Agreement or the other Loan Documents need not be permitted solely by reference to one provision permitting such action or event but may be permitted in part by one such provision and in part by one or more other provisions of this Agreement and the other Loan Documents.

SECTION 1.14. Cashless Roll. Notwithstanding anything to the contrary, if agreed by the Administrative Agent and the Borrower, any Lender may exchange, continue or rollover all of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Borrower, the Administrative Agent and such Lender.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, (a) each Revolving Lender (severally and not jointly) agrees to make Revolving Loans to the Borrower in Dollars from time to time during the Availability Period in an aggregate principal amount that will not result in (i) the amount of such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Commitment or (ii) the Total Revolving Credit Exposure exceeding the aggregate Revolving Commitments, and (b) each Term Lender with a Term Loan Commitment (severally and not jointly) agrees to make a Term Loan to the Borrower in Dollars on the Funding Date, in an amount equal to such Lender's Term Loan Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans. Amounts repaid or prepaid in respect of Term Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the applicable Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that, the Commitments of the Lenders are several and no Lender shall be responsible for any

other Lender's failure to make Loans as required. The Term Loans shall amortize as set forth in Section 2.10.

(b) Subject to Section 2.14, each Revolving Borrowing and Term Loan Borrowing shall be comprised entirely of ABR Loans or Term Benchmark Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided that, any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement or result in any increased cost to the Borrower.

(c) At the commencement of each Interest Period for any Term Benchmark Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $500,000 and not less than $1,000,000. At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $500,000 and not less than $1,000,000; provided that, an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the aggregate Revolving Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Borrowings of more than one Type and Class may be outstanding at the same time; provided that, there shall not at any time be more than a total of ten (10) Term Benchmark Borrowings or RFR Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by irrevocable written notice (via a written Borrowing Request signed by a Responsible Officer of the Borrower) (a) in the case of a Term Benchmark Borrowing, not later than 11:00 a.m., New York City time, three (3) Business Days (or, in the case of a Term Benchmark Borrowing to be made on the Funding Date, one (1) Business Day) before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time on the date of the proposed Borrowing. Each such Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate principal amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Term Benchmark Borrowing and whether such Borrowing is a Revolving Borrowing or a Term Loan Borrowing;

(iv) in the case of a Term Benchmark Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Term Benchmark Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. [Reserved].

SECTION 2.05. [Reserved].

SECTION 2.06. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit denominated in Dollars as the applicant thereof for the support of its or the Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the relevant Issuing Bank, at any time and from time to time during the Availability Period.

(b) Notice of Issuance, Amendment, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment or extension of an outstanding Letter of Credit), the Borrower shall transmit by electronic communication to an Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment or extension, but in any event no less than three (3) Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended or extended, and specifying the date of issuance, amendment or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with clause (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend or extend such Letter of Credit. In addition, as a condition to any such Letter of Credit issuance, the Borrower shall have entered into a continuing agreement (or other letter of credit agreement) for the issuance of letters of credit and/or shall submit a letter of credit application, in each case, as required by the relevant Issuing Bank and using the relevant Issuing Bank's standard form (each, a "Letter of Credit Agreement"). In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any Letter of Credit Agreement, the terms and conditions of this Agreement shall control. A Letter of Credit shall be issued, amended or extended only if (and upon issuance, amendment or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment or extension (i) the aggregate amount of the LC Exposure shall not exceed $7,500,000, (ii) the sum of (x) the aggregate undrawn amount of all outstanding Letters of Credit issued by any Issuing Bank at such time plus (y) the aggregate amount of all LC Disbursements made by such Issuing Bank that have not yet been reimbursed by or on behalf of the Borrower at such time (such sum for any Issuing Bank at any time of determination, its "Outstanding LC Amount") shall not exceed such Issuing Bank's Letter of Credit Commitment (provided that, notwithstanding this clause (ii) but at all times subject to the immediately preceding clause (i) and the immediately succeeding clauses (iii) and (iv), an Issuing Bank may, in its sole discretion, agree to issue, amend or extend a Letter of Credit if such issuance, amendment or extension would cause such Issuing Bank's Outstanding LC Amount to exceed its Letter of Credit Commitment), (iii) the Total Revolving Credit Exposure shall not exceed the aggregate Revolving Commitments and (iv) each Lender's Revolving Credit Exposure shall not exceed such Lender's Revolving Commitment. The Borrower may, at any time and from time to time, reduce the Letter of Credit Commitment of any Issuing Bank with the consent of such Issuing Bank; provided that, the Borrower shall not reduce the Letter of Credit Commitment of any Issuing Bank if, after giving effect

of such reduction, the conditions set forth in the immediately preceding clauses (i) through (iv) shall not be satisfied.

No Issuing Bank shall be under any obligation to issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from issuing such Letter of Credit, or any law applicable to such Issuing Bank shall prohibit, or require that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated hereunder) not in effect on the Effective Date, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense that was not applicable on the Effective Date and that such Issuing Bank in good faith deems material to it; or

(ii) the issuance of such Letter of Credit would violate one or more policies of such Issuing Bank applicable to letters of credit generally.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination by notice from the relevant Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any extension of the expiration date thereof, one year after such extension) and (ii) the date that is five (5) Business Days prior to the Maturity Date; provided that, any Letter of Credit with a one-year tenor may contain customary automatic extension provisions agreed upon by the Borrower and the relevant Issuing Bank that provide for the extension thereof for additional one-year periods (which shall in no event extend beyond the date referenced in clause (ii) above), subject to a right on the part of the relevant Issuing Bank to prevent any such extension from occurring by giving notice to the beneficiary in advance of any such extension. Notwithstanding the foregoing, any Letter of Credit may expire no later than ninety one (91) days after the Maturity Date so long as the Borrower Cash Collateralizes an amount equal to 105% of the face amount of such Letter of Credit, concurrently with the issuance of such a Letter of Credit having an expiry date later than the Maturity Date (or, as applicable, concurrently with any amendment or extension of such a Letter of Credit that results in such Letter of Credit having an expiry date later than the Maturity Date), in the manner described in Section 2.06(j) and otherwise on terms and conditions reasonably acceptable to the relevant Issuing Bank and the Administrative Agent.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of any Issuing Bank or the Revolving Lenders, each Issuing Bank hereby grants to each Revolving Lender, and each Revolving Lender hereby acquires from each Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the relevant Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason, including after the Maturity Date. Each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be

affected by any circumstance whatsoever, including any amendment or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments.

(e) Reimbursement. If any Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent in Dollars the amount equal to such LC Disbursement, not later than 12:00 noon, New York City time, on the Business Day immediately following the Business Day that the Borrower shall have received notice of such LC Disbursement; provided that, if such LC Disbursement is not less than $1,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with an ABR Revolving Borrowing in an equivalent amount of such LC Disbursement and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof (the "Unreimbursed Amount") and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the relevant Issuing Bank the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the relevant Issuing Bank or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse an Issuing Bank for any LC Disbursement (other than the funding of Revolving Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, any Letter of Credit Agreement or this Agreement, or any term or provision therein or herein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) any payment by an Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Revolving Lenders nor any Issuing Bank, nor any of their respective Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms, any error in translation or any consequence arising from causes beyond the control of the relevant Issuing Bank; provided that, the foregoing shall not be construed to excuse any Issuing Bank

from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of any Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, each Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank for any Letter of Credit shall, within the time allowed by applicable law or the specific terms of the Letter of Credit following its receipt thereof, examine all documents purporting to represent a demand for payment under such Letter of Credit. Such Issuing Bank shall promptly after such examination notify the Administrative Agent and the Borrower by telephone (confirmed by electronic mail) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that, any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Revolving Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If any Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full within one (1) Business Day of the date on which such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the reimbursement is due and payable, at the rate per annum then applicable to ABR Revolving Loans and such interest shall be due and payable on the date when such reimbursement is payable; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(d) shall apply. Interest accrued pursuant to this paragraph shall be for the account of such Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement and Resignation of an Issuing Bank. (A) Any Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Revolving Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued by it thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit then

outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit or extend or otherwise amend any existing Letter of Credit.

(B) Subject to the appointment and acceptance of a successor Issuing Bank, any Issuing Bank may resign as an Issuing Bank at any time upon thirty (30) days' prior written notice to the Administrative Agent, the Borrower and the Revolving Lenders, in which case, such resigning Issuing Bank shall be replaced in accordance with Section 2.06(i)(A) above.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Revolving Lenders (or, if the maturity of the Loans has been accelerated, Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Revolving Lenders (the "LC Collateral Account"), an amount in cash equal to 105 % of the amount of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that, the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.01(f). The Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.11(b). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. In addition, and without limiting the foregoing or Section 2.06(c), if any LC Exposure remains outstanding after the expiration date specified in Section 2.06(c)(ii), the Borrower shall immediately deposit into the LC Collateral Account an amount in cash equal to 105% of the amount of such LC Exposure as of such date plus any accrued and unpaid interest thereon. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account and the Borrower hereby grants the Administrative Agent a security interest in the LC Collateral Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the relevant Issuing Bank for LC Disbursements for which it has not been reimbursed, together with related fees, costs and customary processing charges, and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

(k) Letters of Credit Issued for Account of Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder supports any obligations of, or is for the account of, a Restricted Subsidiary, or states that a Restricted Subsidiary is the "account party," "applicant," "customer," "instructing party," or the like of or for such Letter of Credit, and without derogating from any rights of the relevant Issuing Bank (whether arising by contract, at law, in equity or otherwise) against such Restricted Subsidiary in respect of such Letter of Credit, the Borrower (i) shall reimburse,

indemnify and compensate the relevant Issuing Bank hereunder for such Letter of Credit (including to reimburse any and all drawings thereunder) as if such Letter of Credit had been issued solely for the account of the Borrower and (ii) irrevocably waives any and all defenses that might otherwise be available to it as a guarantor or surety of any or all of the obligations of such Restricted Subsidiary in respect of such Letter of Credit. The Borrower hereby acknowledges that the issuance of such Letters of Credit for the Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

(l) Issuing Bank Agreements. Each Issuing Bank agrees that, unless otherwise requested by the Administrative Agent, such Issuing Bank shall report in writing to the Administrative Agent (i) on or prior to each Business Day on which such Issuing Bank expects to issue, amend or extend any Letter of Credit, the date of such issuance, amendment or extension, and the aggregate face amount of the Letters of Credit to be issued, amended or extended by it and outstanding after giving effect to such issuance, amendment or extension occurred (and whether the amount thereof changed), (ii) on each Business Day on which such Issuing Bank pays any amount in respect of one or more drawings under Letters of Credit, the date of such payment(s) and the amount of such payment(s), (iii) on any Business Day on which the Borrower fails to reimburse any amount required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount and currency of such payment in respect of Letters of Credit and (iv) on any other Business Day, such other information as the Administrative Agent shall reasonably request.

(m) Addition of an Issuing Bank. Any Revolving Lender reasonably acceptable to the Borrower and the Administrative Agent may become an additional Issuing Bank hereunder pursuant to a written agreement among the Borrower, the Administrative Agent and such Revolving Lender. The Administrative Agent shall notify the Revolving Lenders of any such additional Issuing Bank.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof solely by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that, Term Loans shall be made as provided in Section 2.01(b). Except in respect of the provisions of this Agreement covering the reimbursement of Letters of Credit, the Administrative Agent will make such Loans available to the Borrower by promptly crediting the funds so received in the aforesaid account of the Administrative Agent to an account of the Borrower designated by the Borrower in the applicable Borrowing Request; provided that, Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the relevant Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing (or in the case of an ABR Borrowing, prior to 12:00 noon, New York City time, on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of

payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Term Benchmark Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Term Benchmark Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election (by irrevocable written notice via an Interest Election Request signed by a Responsible Officer of the Borrower) by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Notwithstanding any contrary provision herein, this Section shall not be construed to permit the Borrower to (i) elect an Interest Period for Term Benchmark Loans that does not comply with Section 2.02(d) or (ii) convert any Borrowing to a Borrowing of a Type not available under such Borrowing.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Term Benchmark Borrowing; and

(iv) if the resulting Borrowing is a Term Benchmark Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Term Benchmark Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Term Benchmark Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Term Benchmark Borrowing and (ii) unless repaid, (A) each Term Benchmark Borrowing and (B) if applicable following a Benchmark Replacement or otherwise pursuant to Section 2.14, each RFR Borrowing, shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, (i) all Commitments shall terminate on August 15, 2022 if the Funding Date shall not have occurred prior to such time, (ii) any unfunded Term Loan Commitments shall terminate on the Funding Date after the funding of Term Loans on such date and (iii) all other Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Revolving Commitments and, prior to the Funding Date, the Term Loan Commitments; provided that, (i) each reduction of the Revolving Commitments shall be in an amount that is an integral multiple of $2,500,000 and not less than $2,500,000 (ii) the Borrower shall not terminate or reduce the Revolving Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, (A) the amount of any Revolving Lender's Revolving Credit Exposure would exceed its Revolving Commitment or (B) the Total Revolving Credit Exposure would exceed the aggregate Revolving Commitments and (iii) each reduction of the Term Loan Commitments shall be in an amount that is an integral multiple of $2,500,000 and not less than $2,500,000.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that, a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or other transactions specified therein, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the (i) Revolving Commitments shall be made ratably among the Revolving Lenders in accordance with their respective Revolving Commitments and (ii) Term Loan Commitments shall be made ratably among the Term Lender's in accordance with their respective Term Loan Commitments.

SECTION 2.10. Repayment and Amortization of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each

Revolving Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date. The Borrower shall repay Term Loans on each date set forth below in an amount equal to (x) the original aggregate principal amount of Term Loans funded on the Funding Date multiplied by (y) the percentage set forth opposite such date (as adjusted from time to time pursuant to Section 2.11(a) and Section 2.11(e)):

Date	Amount
September 30, 2022	1.25%
December 31, 2022	1.25%
March 31, 2023	1.25%
June 30, 2023	1.25%
September 30, 2023	1.25%
December 31, 2023	1.25%
March 31, 2024	1.25%
June 30, 2024	1.25%
September 30, 2024	1.25%
December 31, 2024	1.25%
March 31, 2025	1.25%
June 30, 2025	2.5%
September 30, 2025	2.5%
December 31, 2025	2.5%
March 31, 2026 and the last day of each calendar quarter ending thereafter	2.5%

To the extent not previously repaid, all unpaid Term Loans shall be paid in full in Dollars by the Borrower on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that, the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the Obligations (including the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement).

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) in the form attached hereto as Exhibit D-1 or Exhibit D-2, as applicable, or otherwise as approved by the Administrative Agent (such notes, collectively, the "Notes"). Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form.

SECTION 2.11. Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, without penalty or premium (other than break funding payments required by Section 2.16) subject to prior notice in accordance with the provisions of this Section 2.11(a). The Borrower shall notify the Administrative Agent by written notice of any prepayment hereunder (i) in the case of prepayment of a Term Benchmark Borrowing, not later than 11:00 a.m., New York City time, three (3) Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time one (1) Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a notice of termination of the Commitments that is conditional upon the effectiveness of other transactions, then such notice of prepayment may be revoked by the Borrower if such condition is not satisfied. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Revolving Loans included in the prepaid Revolving Borrowing and each voluntary prepayment of a Term Loan Borrowing shall be applied ratably to the Term Loans included in the prepaid Term Loan Borrowing in such order of application as directed by the Borrower, and each mandatory prepayment of a Term Loan Borrowing shall be applied in accordance with Section 2.11(e). Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) any break funding payments required by Section 2.16.

(b) If at any time the Total Revolving Credit Exposures exceed the aggregate Revolving Commitments, the Borrower shall immediately repay Borrowings or cash collateralize LC Exposure in an account with the Administrative Agent pursuant to Section 2.06(j), as applicable, in an aggregate principal amount sufficient to cause the aggregate principal amount of the Total Revolving Credit Exposures to be less than or equal to the aggregate Revolving Commitments.

(c) In the event and on each occasion that any Net Cash Proceeds are received by or on behalf of the Parent Guarantor, the Borrower or any Restricted Subsidiary in respect of any Prepayment Event, the Borrower shall, within five (5) Business Days after such Net Cash Proceeds are received, prepay the Obligations as set forth in Section 2.11(e) below in an aggregate amount equal to 100% of such Net Cash Proceeds; provided that, in the case of any event described in clause (a) or (b) of the definition of the term "Prepayment Event", such required prepayment shall only be required to be made for amounts in excess of $5,000,000 per Fiscal Year; provided further that, so long as no Event of Default has occurred and is continuing, such prepayment shall not be required to the extent the Borrower reinvests such Net Cash Proceeds in assets of a kind then used or usable in the business of the Parent

Guarantor, the Borrower and the Restricted Subsidiaries within 360 days after the date of receipt of such Net Cash Proceeds, or enters into a binding commitment thereof within said 360-day period and subsequently makes such reinvestment within 180 days after the end of such 450-day period; provided that, the Borrower notifies the Administrative Agent within five (5) Business Days following receipt by the Parent Guarantor, the Borrower or any Restricted Subsidiary of such Net Cash Proceeds of the Borrower's intent to reinvest such Net Cash Proceeds.

(d) All such amounts pursuant to Section 2.11(c) shall be applied to prepay the Term Loans in the direct order of maturity.

(e) Except as otherwise contemplated by this Agreement or provided in, or intended with respect to, any Incremental Amendment (provided, that such Incremental Amendment may not, without the consent of the requisite Lenders in accordance with Section 9.02, provide that the applicable Class of Term Loans receive a greater than pro rata portion of mandatory prepayments of Term Loans pursuant to Section 2.11(c) than would otherwise be permitted by this Agreement), in each case effectuated or issued in a manner consistent with this Agreement, each prepayment of Term Loans pursuant to Section 2.11(c) shall be allocated ratably to the Term Loans and Incremental Term Loans (if any) then outstanding.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee, which shall accrue at the "Commitment Fee Rate" specified in the definition of Applicable Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period from and including the Funding Date to but excluding the date on which such Revolving Commitment terminates. Commitment fees accrued through and including the last day of March, June, September and December of each year shall be payable in arrears on the fifteenth (15th) day following such last day and on the date on which the Revolving Commitments terminate, commencing on the first such date to occur after the date hereof; provided that, any commitment fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day and the last day of each period but excluding the date on which the Revolving Commitments terminate).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Revolving Lender a participation fee with respect to its participations in each outstanding Letter of Credit, which shall accrue on the daily maximum stated amount then available to be drawn under such Letter of Credit at the same Applicable Rate used to determine the interest rate applicable to Term Benchmark Revolving Loans, during the period from and including the Funding Date to but excluding the later of the date on which such Revolving Lender's Revolving Commitment terminates and the date on which such Lender ceases to have any LC Exposure and (ii) to each Issuing Bank for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the daily maximum stated amount then available to be drawn under such outstanding Letter of Credit, during the period from and including the Funding Date to but excluding the later of the date of termination of the Revolving Commitments and the date on which there ceases to be any LC Exposure, as well as such Issuing Bank's standard fees with respect to the issuance, amendment or extension of any Letter of Credit and other processing fees, and other standard costs and charges, of such Issuing Bank relating to the Letters of Credit as from time to time in effect. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the fifteenth (15th) day following such

last day, commencing on the first such date to occur after the date hereof; provided that, all such fees shall be payable on the date on which the Revolving Commitments terminate and any such fees accruing after the date on which the Revolving Commitments terminate shall be payable on demand. Any other fees payable to an Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in Dollars and immediately available funds, to the Administrative Agent (or to the relevant Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the applicable Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Term Benchmark Borrowing shall bear interest at the Adjusted Term SOFR Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Each RFR Loan (solely to the extent applicable following a Benchmark Replacement or otherwise pursuant to Section 2.14) shall bear interest at a rate per annum equal to the Adjusted Daily Simple SOFR plus the Applicable Rate.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, unless waived by the Required Lenders pursuant to Section 9.02, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and, in the case of Revolving Loans, upon termination of the Revolving Commitments; provided that, (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Term Benchmark Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). All interest hereunder on any Loan shall be computed on a daily basis based

upon the outstanding principal amount of such Loan as of the applicable date of determination. The applicable Alternate Base Rate, Adjusted Term SOFR Rate, Term SOFR Rate, Adjusted Daily Simple SOFR or Daily Simple SOFR shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest.

(a) Subject to clauses (b) through (f) of this Section 2.14, if:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, that adequate and reasonable means do not exist for ascertaining the Adjusted Term SOFR Rate or the Term SOFR Rate (including because the Term SOFR Reference Rate is not available or published on a current basis), for such Interest Period or (B) at any time (solely if applicable following a Benchmark Replacement or otherwise pursuant to this Section 2.14), that adequate and reasonable means do not exist for ascertaining the applicable Adjusted Daily Simple SOFR or Daily Simple SOFR; or

(ii) the Administrative Agent is advised by the Required Lenders that (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing, the Adjusted Term SOFR Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period or (B) at any time (solely if applicable following a Benchmark Replacement or otherwise pursuant to this Section 2.14), Adjusted Daily Simple SOFR will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or electronic mail as promptly as practicable thereafter and, until (x) the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Borrower delivers a new Interest Election Request in accordance with the terms of Section 2.08 or a new Borrowing Request in accordance with the terms of Section 2.03, any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Term Benchmark Borrowing and any Borrowing Request that requests a Term Benchmark Borrowing shall instead be deemed to be an Interest Election Request or a Borrowing Request, as applicable, for (x) an RFR Borrowing so long as the Adjusted Daily Simple SOFR is not also the subject of Section 2.14(a)(i) or (ii) above or (y) an ABR Borrowing if the Adjusted Daily Simple SOFR is also the subject of Section 2.14(a)(i) or (ii) above; provided that, if the circumstances giving rise to such notice affect only one Type of Borrowings, then all other Types of Borrowings shall be permitted. Furthermore, if any Term Benchmark Loan or RFR Loan is outstanding on the date of the Borrower's receipt of the notice from the Administrative Agent referred to in this Section 2.14(a) with respect to a Relevant Rate applicable to such Term Benchmark Loan or RFR Loan, then until (x) the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark and (y) the Borrower delivers a new Interest Election Request in accordance with the terms of Section 2.08 or a new Borrowing Request in accordance with the terms of Section 2.03, any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), be converted by the

Administrative Agent to, and shall constitute (x) an RFR Borrowing so long as the Adjusted Daily Simple SOFR is not also the subject of Section 2.14(a)(i) or (ii) above or (y) an ABR Borrowing if the Adjusted Daily Simple SOFR is also the subject of Section 2.14(a)(i) or (ii) above; on such day.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document (and any Swap Contract shall be deemed not to be a "Loan Document" for purposes of this Section 2.14), if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders of each affected Class.

(c) Notwithstanding anything to the contrary herein or in any other Loan Document, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(d) The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (f) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.14, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.14.

(e) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information

announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Term Benchmark Borrowing or (solely if applicable pursuant to this Section 2.14) RFR Borrowing, conversion to or continuation of Term Benchmark Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any request for a Term Benchmark Borrowing into a request for a Borrowing of or conversion to (x) an RFR Borrowing so long as the Adjusted Daily Simple SOFR is not the subject of a Benchmark Transition Event or (y) an ABR Borrowing if the Adjusted Daily Simple SOFR is the subject of a Benchmark Transition Event. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR. Furthermore, if any Term Benchmark Loan or (solely if applicable pursuant to this Section 2.14) RFR Loan is outstanding on the date of the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to the Relevant Rate applicable to such Term Benchmark Loan or RFR Loan, then until such time as a Benchmark Replacement is implemented pursuant to this Section 2.14, any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Loan (or the next succeeding Business Day if such day is not a Business Day), be converted by the Administrative Agent to, and shall constitute, (x) an RFR Borrowing so long as the Adjusted Daily Simple SOFR is not the subject of a Benchmark Transition Event or (y) an ABR Borrowing if the Adjusted Daily Simple SOFR is the subject of a Benchmark Transition Event, on such day.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted Term SOFR Rate) or any Issuing Bank;

(ii) impose on any Lender or any Issuing Bank or the applicable offshore interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender, such Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender, such Issuing Bank or such other Recipient hereunder (whether of principal, interest or otherwise), then, upon request of such Lender, such Issuing Bank or such other Recipient, the Borrower will pay to such Lender, such Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital or on the capital of such Lender's or such Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered as reasonably determined by the Administrative Agent, such Lender or such Issuing Bank (which determination shall be made in good faith (and not on an arbitrary or capricious basis) and generally consistent with similarly situated customers of the Administrative Agent, such Lender or such Issuing Bank, as applicable, under agreements having provisions similar to this Section 2.15, after consideration of such factors as the Administrative Agent, such Lender or such Issuing Bank, as applicable, then reasonably determines to be relevant).

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or such Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Bank's right to demand such compensation; provided that, the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or such Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Term Benchmark Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11),

(b) the conversion of any Term Benchmark Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Term Benchmark Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(a) and is revoked in accordance therewith) or (d) the assignment of any Term Benchmark Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19 or 9.02(e), then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted Term SOFR Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in Dollars of a comparable amount and period from other banks in the applicable offshore interbank market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 2.17. Taxes. (a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as reasonably determined by a potential withholding agent) requires the deduction or withholding of any Tax from any such payment by a withholding agent, then the applicable withholding agent shall make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section 2.17) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.17, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Loan Parties. The Loan Parties shall jointly and severally indemnify each Recipient, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto,

whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to setoff and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Exemption from Withholding. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in either (i) Section 2.17(f)(ii)(A), (ii)(B) and (ii)(D) below or (ii) Section 2.17(f)(iii) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender. Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), an executed copy of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, an executed copy of IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, an executed copy of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit B-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) an executed copy of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, an executed copy of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-2 or Exhibit B-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that, if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any

other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the Effective Date.

(iii) Without limiting the generality of the foregoing:

(A) Subject to Section 2.17(f)(iii)(B), from the earlier of (i) the UK Tax Migration Date and (ii) any payment by the Borrower to a UK Treaty Lender under a Loan Document in respect of which a UK Tax Deduction would be required absent relief under an applicable Treaty, the Borrower and the relevant UK Treaty Lender shall cooperate in completing any procedural formalities necessary for the Borrower to obtain authorization to make that payment without a UK Tax Deduction, including (unless the relevant party is unable to do so as a result of any change after the date it becomes a party to this Agreement in (or in the interpretation, administration or application of) any law or Treaty or any published practice or published concession of any relevant tax Authority) making and filing of an appropriate application for relief under an applicable Treaty.

(B) A UK Treaty Lender that holds a passport under the HMRC Double Taxation Treaty Passport Scheme ("UK DTTP Scheme") and which wishes the UK DTTP Scheme to apply to this Agreement (to the extent applicable), shall confirm its scheme reference number and jurisdiction of tax residence in: (A) where the UK Treaty Lender is a Lender on the date of this Agreement, Schedule 2.17(f); or (B) where the UK Treaty Lender becomes a Lender after the date of this Agreement, the relevant Assignment and Assumption; and, having done so, that UK Treaty Lender shall be under no obligation pursuant to Section 2.17(f)(iii)(A) to cooperate with the Borrower save that such UK Treaty Lender may have an obligation to cooperate further with the Borrower in the circumstances described in Section 2.17(f)(iii)(C).

(C) If a UK Treaty Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with Section 2.17(f)(iii)(B) and:

(1) the Borrower making a payment to that UK Treaty Lender has not made a UK DTTP Filing in respect of that UK Treaty Lender; or

(2) the Borrower making a payment to that UK Treaty Lender has made a UK DTTP Filing in respect of that Lender but either (a) that UK DTTP Filing has been rejected by HMRC or (b) HMRC has not given the Borrower authority to make payments to that UK Treaty Lender without a UK Tax Deduction within forty five (45) Business Days of the date of the UK DTTP Filing, and

in each case, the Borrower has notified that UK Treaty Lender in writing, that UK Treaty Lender and the Borrower shall cooperate in completing any additional procedural formalities necessary for the Borrower to obtain authorization to make that payment without a UK Tax Deduction.

(D) If a Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with Section 2.17(f)(iii)(B), the Borrower shall not make a UK DTTP Filing or file any other form relating to the UK DTTP Scheme in respect of that Lender's Commitment or participation in any Loan unless the Lender otherwise agrees.

(E) The Borrower shall, promptly after making any UK DTTP Filing, deliver a copy of the UK DTTP Filing to the Administrative Agent for delivery to the relevant Lender.

(F) A Lender that is a Lender on the date of this Agreement that is a UK Qualifying Lender solely by virtue of clause (a)(ii) of the definition of "UK Qualifying Lender" gives a UK Tax Confirmation to the Borrower by entering into the Agreement. A Lender that is a UK Qualifying Lender solely by virtue of clause (a)(ii) of the definition of "UK Qualifying Lender" shall promptly notify the Borrower and the Administrative Agent if there is any change in the position from that set out in the UK Tax Confirmation.

(G) Each Lender shall indicate, for the benefit of the Administrative Agent and without any liability to the Borrower, whether it is:

(1) not a UK Qualifying Lender;

(2) a UK Qualifying Lender (that is not a UK Treaty Lender); or

(3) a UK Treaty Lender,

in (x) where the Lender is a Lender on the date of this Agreement, at Schedule 2.17(f); or (y) where the Lender becomes a Lender after the date of this Agreement, the relevant Assignment and Assumption. If a Lender fails to indicate its status in accordance with this Section 2.17(f)(iii)(G) then such Lender shall be treated for the purposes of this Agreement (including by the Borrower) as if it is not a UK Qualifying Lender until such time as it notifies the Borrower and the Administrative Agent.

(H) The Borrower or an Affiliate thereof shall (i) promptly upon becoming aware that the Borrower must make a UK Tax Deduction (or that there is any change in the rate or the basis of a UK Tax Deduction) and (ii) at least fifteen (15) days in advance of the UK Tax Migration Date, notify the Administrative Agent accordingly. Similarly, a Lender shall notify the Borrower and the Administrative Agent within fifteen (15) days of becoming so aware of a UK Tax Deduction being required in respect of a payment payable to that Lender.

(g) Treatment of Certain Refunds. If any Credit Party determines, in its sole discretion exercised in good faith, that it either (i) is entitled to a refund of any Taxes relating to a UK Tax Deduction as to which it has been indemnified pursuant to Section 2.17 (a "UK Tax Deduction Refund") or (ii) has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (in each case of (i) and (ii) including by the payment of additional amounts pursuant to this Section 2.17), it shall (i) cooperate with the relevant indemnifying party to obtain any such UK Tax Deduction Refund from the relevant Tax Authority and (ii) pay to the indemnifying party an amount equal to such refund (including any UK Tax Deduction Refund actually obtained by such Credit Party but in any case only to the extent of indemnity payments made under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all out of pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) VAT.

(i) All amounts expressed to be payable under a Loan Document by any Party to a Credit Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (ii) below, if VAT is or becomes chargeable on any supply made by any Credit Party to any Party under a Loan Document and such Credit Party is required

to account to the relevant tax authority for the VAT, that Party must pay to such Credit Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Credit Party must promptly provide an appropriate VAT invoice to that Party).

(ii) If VAT is or becomes chargeable on any supply made by any Credit Party (the "Supplier") to any other Credit Party (the "VAT Recipient") under a Loan Document, and any Party other than the VAT Recipient (the "Relevant Party") is required by the terms of any Loan Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the VAT Recipient in respect of that consideration):

(A) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The VAT Recipient must (where this paragraph (A) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the VAT Recipient receives from the relevant tax authority which the VAT Recipient reasonably determines relates to the VAT chargeable on that supply; and

(B) (where the VAT Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the VAT Recipient, pay to the VAT Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the VAT Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.

(iii) Where a Loan Document requires any Party to reimburse or indemnify a Credit Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Credit Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Credit Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(iv) Any reference in this Section 2.17(h) to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term "representative member" to have the same meaning as in the Value Added Tax Act 1994).

(v) In relation to any supply made by a Credit Party to any Party under a Loan Document, if reasonably requested by such Credit Party, that Party must promptly provide such Credit Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Credit Party's VAT reporting requirements in relation to such supply.

(i) Survival. Each party's obligations under this Section 2.17 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement

of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(j) Defined Terms. For purposes of this Section 2.17, the term "Lender" includes the Issuing Banks and the term "applicable law" includes FATCA.

SECTION 2.18. Payments Generally; Allocations of Proceeds; Pro Rata Treatment; Sharing of Setoffs.

(a) The Borrower shall make each payment or prepayment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) in Dollars prior to 12:00 noon, New York City time on the date when due or the date fixed for any prepayment hereunder, in immediately available funds, without setoff, recoupment or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 500 Stanton Christiana Road, NCC5, Floor 1, Newark, DE 19713-2107, except payments to be made directly to an Issuing Bank as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under this Agreement shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) At any time that payments are not required to be applied in the manner required by Section 7.03, if at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) At the election of the Administrative Agent, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses (including all reimbursement for fees and expenses pursuant to Section 9.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder whether made following a request by the Borrower pursuant to Section 2.03 or a deemed request as provided in this Section or may be deducted from any deposit account of the Borrower maintained with the Administrative Agent. The Borrower hereby irrevocably authorizes (i) the Administrative Agent to make a Borrowing for the purpose of paying each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents and agrees that all such amounts charged shall constitute Loans and that all such Borrowings shall be deemed to have been requested pursuant to Section 2.03 or 2.05, as applicable and (ii) the Administrative Agent to charge any deposit account of the Borrower maintained with the Administrative

Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If, except as expressly provided herein, any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and accrued interest thereon than the proportion received by any other similarly situated Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements; provided that, (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Parent Guarantor, the Borrower, any Subsidiary or any Affiliate thereof (which assignments and participations shall not be permitted). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received, prior to any date on which any payment is due to the Administrative Agent for the account of the relevant Lenders or the relevant Issuing Bank pursuant to the terms of this Agreement or any other Loan Document (including any date that is fixed for prepayment by notice from the Borrower to the Administrative Agent pursuant to Section 2.11(a)), notice from the Borrower that the Borrower will not make such payment or prepayment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the relevant Lenders or the Issuing Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the relevant Lenders or the Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the

future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.15, (ii) the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 or (iii) any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to payments pursuant to Section 2.15 or 2.17) and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that, (i) the Borrower shall have received the prior written consent of the Administrative Agent (and if a Revolving Commitment is being assigned, the Issuing Banks), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Each party hereto agrees that (i) an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and such parties are participants), and (ii) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided that, any such documents shall be without recourse to or warranty by the parties thereto.

SECTION 2.20. Incremental Facilities.

(a) The Borrower may, at any time other than during the Covenant Relief Period, on one or more occasions on or after the Funding Date pursuant to an Incremental Amendment (i) add one or more new Classes of term facilities and/or increase the principal amount of the Term Loans of any existing Class by requesting new commitments to provide such Term Loans (any such commitments, "Incremental Term Commitments" and any such new Class or increase, an "Incremental Term Facility" and any loan made pursuant to any Incremental Term Facility, "Incremental Term Loans") and/or (ii) increase the aggregate amount of the Revolving Commitments (an "Incremental Revolving Facility" and, together with any Incremental Term Facility, "Incremental Facilities"; the commitments thereunder, the "Incremental Revolving Commitments" and the loans thereunder, "Incremental Revolving Loans" and any Incremental Revolving Loans, together with any Incremental Term Loans, "Incremental Loans") in an aggregate principal amount not to exceed the Incremental Available Amount;

provided that,

(i) no Incremental Facility may be in an amount that is less than $5,000,000 (or such lesser amount to which the Administrative Agent may reasonably agree),

(ii) except as the Borrower and any Lender may separately agree, no Lender shall be obligated to provide any Incremental Commitment, and the determination to provide any Incremental Commitment shall be within the sole and absolute discretion of such Lender,

(iii) no Incremental Facility or Incremental Loan (nor the creation, provision or implementation thereof) shall require the approval of any existing Lender other than in its capacity, if any, as a lender providing all or part of any Incremental Commitment or Incremental Loan,

(iv) except as otherwise permitted herein the terms of any Incremental Term Facility, if not substantially consistent with those applicable to any then-existing Term Loans, must be (x) reasonably acceptable to the Administrative Agent or (y) only applicable to the period after the Latest Maturity Date,

(v) each Incremental Revolving Facility shall have the same terms, other than upfront fees, as the Revolving Facility,

(vi) the final maturity date with respect to any Class of Incremental Term Loans shall be no earlier than the Maturity Date,

(vii) the Weighted Average Life to Maturity of any Incremental Term Facility shall be no shorter than the remaining Weighted Average Life to Maturity of any then-existing tranche of Term Loans (without giving effect to any prepayment thereof),

(viii) subject to clauses (vi) and (vii) above, any Incremental Term Facility may otherwise have an amortization schedule as determined by the Borrower and the lenders providing such Incremental Term Facility,

(ix) subject to clause (v) above, the pricing (including interest rate and fees) of any Incremental Facility shall be determined by the Borrower and the arrangers and/or lenders providing such Incremental Facility,

(x) (A) each Incremental Term Facility or Incremental Revolving Facility shall rank (i) on a pari passu basis with or on a junior basis to the Term Loans and Revolving Loans in right of payment and (ii) on a pari passu basis with the Term Loans and Revolving Loans in right of security or shall be unsecured and (B) no Incremental Facility may be (x) guaranteed by any Person which is not a Loan Party or (y) secured by any assets other than the Collateral,

(xi) (A) subject to Section 1.12, no Default or Event of Default shall exist immediately prior to or after giving effect to such Incremental Facility, and (B) the representations and warranties of the Loan Parties (or, if agreed to by the lenders thereof, customary "SunGard" representations and warranties) set forth in this Agreement and the other

Loan Documents shall be true and correct in all material respects (or if qualified by materiality or Material Adverse Effect, in all respects) on and as of the date such Incremental Facility becomes effective with the same effect as though such representations and warranties had been made on and as of such date; provided that, to the extent that any representation and warranty specifically refers to a given date or period, it shall be true and correct in all material respects as of such date or for such period;

(xii) any Incremental Term Facility shall participate (A) in any voluntary prepayment of Term Loans as set forth in Section 2.11(a) and (B) in any mandatory prepayment of Term Loans as set forth in Section 2.11(b) and (c), in each case, to the extent provided in such Sections,

(xiii) the proceeds of any Incremental Facility may be used for working capital and/or purchase price adjustments and other general corporate purposes and any other use not prohibited by this Agreement, and

(xiv) on the date of the Borrowing of any Incremental Term Loans that will be of the same Class as any then-existing Class of Term Loans, and notwithstanding anything to the contrary set forth in Sections 2.08 or 2.13, such Incremental Term Loans shall be added to (and constitute a part of, be of the same Type as and, at the election of the Borrower, have the same Interest Period as) each Borrowing of outstanding Term Loans of such Class on a pro rata basis (based on the relative sizes of such Borrowings), so that each Term Lender providing such Incremental Term Loans will participate proportionately in each then-outstanding Borrowing of Term Loans of such Class; it being acknowledged that the application of this clause (a)(xiv) may result in new Incremental Term Loans having an Interest Period (the duration of which may be less than one month) that begins during an Interest Period then applicable to outstanding Term Benchmark Loans of the relevant Class and which ends on the last day of such Interest Period.

(b) Incremental Commitments may be provided by any existing Lender, or by any other eligible assignee (any such other lender being called an "Incremental Lender"); provided that, the Administrative Agent (and, in the case of any Incremental Revolving Facility, each Issuing Bank) shall have a right to consent (such consent not to be unreasonably withheld or delayed) to the relevant Incremental Lender's provision of Incremental Commitments if such consent would be required under Section 9.04 for an assignment of Loans to such Incremental Lender, mutatis mutandis, to the same extent as if the relevant Incremental Commitments and related Obligations had been acquired by such Lender by way of assignment.

(c) Each Lender or Incremental Lender providing a portion of any Incremental Commitment shall execute and deliver to the Administrative Agent and the Borrower all such documentation (including the relevant Incremental Amendment) as may be reasonably required by the Administrative Agent to evidence and effectuate such Incremental Commitment. On the effective date of such Incremental Commitment, each Incremental Lender shall become a Lender for all purposes in connection with this Agreement.

(d) As conditions precedent to the effectiveness of any Incremental Facility or the making of any Incremental Loans, (i) upon its request, the Administrative Agent shall be entitled to receive customary written opinions of counsel, as well as such reaffirmation agreements, supplements and/or amendments as it shall reasonably require, (ii) the Administrative Agent shall be entitled to

receive, from each Incremental Lender, an Administrative Questionnaire and such other documents as it shall reasonably require from such Incremental Lender, (iii) the Administrative Agent, on behalf of the Incremental Lenders, or the Incremental Lenders, as applicable, shall have received the amount of any fees payable to the Incremental Lenders in respect of such Incremental Facility or Incremental Loans, (iv) subject to Section 2.20(h), the Administrative Agent shall have received a Borrowing Request as if the relevant Incremental Loans were subject to Section 2.03 or another written request the form of which is reasonably acceptable to the Administrative Agent (it being understood and agreed that the requirement to deliver a Borrowing Request shall not result in the imposition of any additional condition precedent to the availability of the relevant Incremental Loans) and (v) the Administrative Agent shall be entitled to receive a certificate of the Borrower signed by a Financial Officer thereof (A) certifying and attaching a copy of the resolutions adopted by the governing body of the Borrower and (B) to the extent applicable, certifying that the condition set forth in clause (a)(xi) above has been satisfied.

(e) Upon the implementation of any Incremental Revolving Facility pursuant to this Section 2.20:

(i) each Revolving Lender immediately prior to such increase will automatically and without further act be deemed to have assigned to each relevant Incremental Revolving Facility Lender, and each relevant Incremental Revolving Facility Lender will automatically and without further act be deemed to have assumed a portion of such Revolving Lender's participations hereunder in outstanding Letters of Credit such that, after giving effect to each deemed assignment and assumption of participations, all of the Revolving Lenders' (including each Incremental Revolving Facility Lender) participations hereunder in Letters of Credit shall be held on a pro rata basis on the basis of their respective Revolving Commitments (after giving effect to any increase in the Revolving Commitment pursuant to this Section 2.20); and

(ii) the existing Revolving Lenders shall assign Revolving Loans to certain other Revolving Lenders (including the Revolving Lenders providing the relevant Incremental Revolving Facility), and such other Revolving Lenders (including the Revolving Lenders providing the relevant Incremental Revolving Facility) shall purchase such Revolving Loans, in each case to the extent necessary so that all of the Revolving Lenders participate in each outstanding Borrowing of Revolving Loans pro rata on the basis of their respective Revolving Commitments (after giving effect to any increase in the Revolving Commitment pursuant to this Section 2.20); it being understood and agreed that the minimum borrowing, pro rata borrowing and pro rata payment requirements contained elsewhere in this Agreement shall not apply to the transactions effected pursuant to this clause (ii).

(f) On the date of effectiveness of any Incremental Revolving Facility, the maximum amount of LC Exposure permitted hereunder shall increase by an amount, if any, agreed upon by the Borrower, the Administrative Agent and the relevant Issuing Bank.

(g) The Lenders hereby irrevocably authorize the Administrative Agent to enter into any Incremental Amendment and/or any amendment to any other Loan Document as may be necessary in order to establish new Classes or sub-Classes in respect of Loans or commitments pursuant to this Section 2.20, such technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrower in connection with the establishment of such new Classes or sub-

Classes, in each case on terms consistent with this Section 2.20 and such other amendments as are described in Section 9.02.

(h) Notwithstanding anything to the contrary in this Section 2.20 or in any other provision of any Loan Document, if the proceeds of any Incremental Facility are intended to be applied to finance a Permitted Acquisition or other similar Investment and the lenders providing such Incremental Facility so agree, the availability thereof shall be subject to customary "SunGard" or "certain funds" conditionality.

(i) This Section 2.20 shall supersede any provision in Section 9.02 to the contrary.

Each of the parties hereto hereby agrees that, upon the effectiveness of any Incremental Amendment, this Agreement shall be amended as necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower to effect the provisions of or be consistent with this Section 2.20. Any such amendment may be memorialized in writing by the Administrative Agent with the Borrower's consent (not to be unreasonably withheld) but without the consent of any other Lender (other than the Incremental Lenders providing such Incremental Facility), and furnished to the other parties hereto.

SECTION 2.21. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Revolving Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(b) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 7.03 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank hereunder; third, to cash collateralize LC Exposure with respect to such Defaulting Lender in accordance with this Section; fourth, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) cash collateralize future LC Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with this Section; sixth, to the payment of any amounts owing to the Lenders or the Issuing Banks as a result of any judgment of a court of competent jurisdiction obtained by any Lender or any Issuing Bank against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement or under any other Loan Document; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that, if (x) such payment is a payment of the principal amount of any

Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 4.03 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure are held by the Lenders pro rata in accordance with the Revolving Commitments without giving effect to clause (d) below. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto;

(c) the Revolving Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders or the Required Revolving Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided further that, any amendment, waiver or other modification requiring the consent of all Lenders or all Lenders directly affected thereby shall not, except as otherwise provided in Section 9.02, require the consent of such Defaulting Lender in accordance with the terms hereof;

(d) if any LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent that such reallocation does not, as to any non-Defaulting Lender, cause such non-Defaulting Lender's Revolving Credit Exposure to exceed its Revolving Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Administrative Agent, cash collateralize for the benefit of the relevant Issuing Bank only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.06(j) for so long as such LC Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(a) and Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to relevant Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(e) so long as such Lender is a Defaulting Lender, the Issuing Banks shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Revolving Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.21(d), and LC Exposure related to any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.21(d)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event or a Bail-In Action with respect to a Lender Parent shall occur following the date hereof and for so long as such event shall continue or (ii) any Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, such Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless such Issuing Bank shall have entered into arrangements with the Borrower or such Lender, satisfactory to the Issuing Banks, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower and the Issuing Banks each agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

ARTICLE III

Representations and Warranties

Each of the Parent Guarantor and the Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers; Subsidiaries. Each Loan Party and each Restricted Subsidiary (other than any Immaterial Subsidiary) thereof (a) is duly incorporated, organized, formed or registered, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation, association, organization, formation or registration (to the extent that such concept exists in such jurisdiction); (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business as currently conducted and (ii) in the case of each Loan Party, execute, deliver and perform its obligations under the Loan Documents to which it is a party; and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except in each

case referred to in clauses (a) (other than with respect to the Loan Parties), (b)(i) or (c), to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02. Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party (a) have been duly authorized by all necessary corporate or other organizational action, and (b) do not (i) contravene the terms of any of such Person's Organization Documents, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien (other than as permitted under Section 6.01) under, or require any payment to be made under (x) any material contract to which such Person is a party or affecting such Person or the properties of such Person or any Restricted Subsidiary or (y) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject or (iii) violate any Law, except in each case referred to in clauses (ii) or (iii), to the extent that such conflict, breach, contravention, Lien, payment or violation would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.03. Governmental Approvals; Other Consents. No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, or for the consummation of the Transactions (other than any such approval, consent, exemption, authorization, other action or filing expressly set forth in the Funding Date Acquisition Agreements that is necessary or required for the consummation of the Funding Date Acquisitions and is received on or prior to the Funding Date), (b) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents or (c) the perfection or maintenance of the Liens created under the Collateral Documents (including the priority thereof), except in each case for (x) filings and actions completed on or prior to the Funding Date and as contemplated hereby and by the Collateral Documents necessary to perfect or maintain the Liens on the Collateral granted by the Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties (including, without limitation, UCC financing statements, filings in the United States Patent and Trademark Office and the United States Copyright Office and Mortgages (if any)), (y) payment of Cayman Islands stamp duty in the event that any Loan Document is executed in, or brought into, the Cayman Islands and (z) (i) approvals, consents, exemptions, authorizations, actions, notices, filings and (ii) to the extent necessary, clearances, registrations and listings, in each case, which have been duly obtained, taken, given or made and are in full force and effect or which would not reasonably be expected to have a Material Adverse Effect

SECTION 3.04. Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, in each case subject to the Foreign Perfection Requirements (solely in the case of any Foreign Loan Party) and except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

SECTION 3.05. Financial Condition; No Material Adverse Change.

(a) The Historical Annual Financial Statements: (A) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and (B) fairly present, in all material respects, the financial condition of Obagi and Milk, respectively, as of the date thereof and the applicable results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.~~; provided that the representation and warranty set forth in this Section 3.05(a) shall not be made until the requirement in Section 2(c) of the Second Amendment has been met.~~

(b) The Target Quarterly Financial Statements and the Waldencast Acquisition Corp. Quarterly Financial Statements: (A) were each prepared in accordance with GAAP consistently applied throughout the period covered thereby, subject only to normal year-end audit adjustments and the absence of footnotes, except as otherwise expressly noted therein, and (B) fairly present, in all material respects, the financial condition of each Target and its respective Subsidiaries and Waldencast Acquisition Corp., respectively, as of the date hereof and their results of operations for the period covered hereby.~~; provided that the representation and warranty set forth in this Section 3.05(b) shall not be made until the requirement in Section 2(c) of the Second Amendment has been met~~

(c) Since December 31, 2021, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect.

SECTION 3.06. Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Parent Guarantor or the Borrower, threatened, at law, in equity, in arbitration or by or before any Governmental Authority, by or against the Parent Guarantor, the Borrower or any Restricted Subsidiary or against any of their properties or revenues that are reasonably likely to be adversely determined and, if so determined, would reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect.

SECTION 3.07. No Default. Each of the Parent Guarantor, the Borrower and each Restricted Subsidiary is in compliance with all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

SECTION 3.08. Ownership of Property; Liens. Each of the Parent Guarantor, the Borrower and each Restricted Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, including the Mortgaged Property, except for such defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such assets for their intended purposes and Liens permitted under Section 6.01 and except where the failure to have such title or other interest would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 3.09. Environmental.

(a) Each of the Loan Parties and the Restricted Subsidiaries is and has been in compliance with all Environmental Laws and has received and maintained in full force and effect all

Environmental Permits required for its current operations, except where non-compliance would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) No Environmental Claim is pending or, to the Loan Parties' knowledge, proposed, threatened or anticipated, with respect to or in connection with any Loan Party or the Restricted Subsidiaries or any real properties now or previously owned, leased or operated by any Loan Party or the Restricted Subsidiaries except as would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) To the Loan Parties' knowledge, there are no Environmental Liabilities of any Restricted Subsidiary of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there are no facts, conditions, situations or set of circumstances which could reasonably be expected to result in or be the basis for any such Environmental Liability, except, in each case, as would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) Neither the Parent Guarantor, nor the Borrower nor any Restricted Subsidiary has assumed or retained any Environmental Liability of any other Person, except as would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

This Section 3.09 contains the sole and exclusive representations and warranties of the Loan Parties with respect to environmental matters.

SECTION 3.10. Insurance. The properties of the Parent Guarantor, the Borrower and the Restricted Subsidiaries are insured with financially sound and reputable insurance companies that are not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Parent Guarantor, the Borrower or the applicable Restricted Subsidiary operates.

SECTION 3.11. Taxes.

(a) The Parent Guarantor, the Borrower and the Restricted Subsidiaries have filed all Federal, state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income, business, franchise or assets otherwise due and payable, except (a) those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP or (b) to the extent that failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.12. Jersey Representations. In relation to the Borrower:

(a) it is and will remain an "international services entity" (within the meaning of the Goods and Services Tax (Jersey) Law 2007);

(b) it is charged to income tax in Jersey at a rate of zero per cent, under the Income Tax (Jersey) Law 1961;

(c) it has not owned and does not own land in Jersey.

SECTION 3.13. Deduction of UK Tax. It is not required to make any deduction for or on account of Tax from any payment it may make under any Loan Document to a Lender which is:

(a) a UK Qualifying Lender:

(i) falling within paragraph (a)(i) of the definition of "UK Qualifying Lender"; or

(ii) except where a UK Direction has been given under section 931 of the UK Taxes Act in relation to the payment concerned, falling within paragraph (a)(ii) of the definition of "UK Qualifying Lender"; or

(iii) falling within paragraph (b) of the definition of "UK Qualifying Lender" or;

(b) a UK Treaty Lender and the payment is one specified in a direction given by the Commissioners of Revenue & Customs under Regulation 2 of the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 (SI 1970/488) of the United Kingdom.

SECTION 3.14. ERISA Compliance; Labor Matters.

(a) No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Pension Plan (based on the assumptions used for purposes of FASB Accounting Standards Codification 715 or subsequent recodification thereof, as applicable) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Pension Plan, and the present value of all accumulated benefit obligations of all underfunded Pension Plans (based on the assumptions used for purposes of FASB Accounting Standards Codification 715 or subsequent recodification thereof, as applicable) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Pension Plans, except to the extent that such excess would not reasonably be expected to have a Material Adverse Effect.

(b) There are no strikes, or other labor disputes pending or threatened against the Parent Guarantor, the Borrower or any Restricted Subsidiary, the hours worked and payments made to employees of the Parent Guarantor, the Borrower and the Restricted Subsidiaries have not been in material violation of the Fair Labor Standards Act or any other applicable law dealing with such matters and all payments due from the Parent Guarantor, the Borrower or any Restricted Subsidiary or for which any claim may be made against the Parent Guarantor, the Borrower or any Restricted Subsidiary, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of the Parent Guarantor, the Borrower or such Restricted Subsidiary to the extent required by GAAP. Except as would not reasonably be expected to result in a Material Adverse Effect, the consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which the Parent Guarantor, the Borrower or any Restricted Subsidiary (or any predecessor) is a party or by which the Parent Guarantor, the Borrower or any Restricted Subsidiary (or any predecessor) is bound.

SECTION 3.15. Subsidiaries; Equity Interests. As of each of the Effective Date and the Funding Date, (x) the Parent Guarantor has no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 3.15, and (y) all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Parent Guarantor or the Subsidiaries in the amounts specified on Part (a) of Schedule 3.15 free and clear of all Liens except those created under the Collateral Documents and Permitted Prior Liens. As of each of the Effective Date and the Funding Date, (x) the Parent Guarantor has no equity investments in an individual amount in excess of $500,000 (valued at the time of such initial investment) in any other Person other than (i) those specifically disclosed in Part (b) of Schedule 3.15 and (ii) investments in Subsidiaries and (y) there are no Unrestricted Subsidiaries.

SECTION 3.16. Margin Regulations; Investment Company Act.

(a) The Borrower is not engaged, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Federal Reserve Board), or extending credit for the purpose of purchasing or carrying margin stock and no proceeds of any Borrowings or Letter of Credit will be used for any purpose that violates Regulation U issued by the Federal Reserve Board.

(b) None of the Borrower, the Parent Guarantor, any Person Controlling the Parent Guarantor, the Borrower or any Restricted Subsidiary is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

SECTION 3.17. Disclosure. No report, financial statement, certificate or other written information (other than projected financial information and information of a general economic or industry nature) furnished in writing by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the Transactions or delivered hereunder or under any other Loan Document (in each case, taken as a whole and as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time made, it being recognized by the Administrative Agent and the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may vary from the projected results set forth therein and that such variations may be material. As of each of the Effective Date and the Funding Date, as applicable, all of the information included in the Beneficial Ownership Certification is true and correct in all material respects.

SECTION 3.18. Compliance with Laws. Except as set forth on Schedule 3.18, each Loan Party and each Restricted Subsidiary thereof is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties (including the Patriot Act), except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.19. [Reserved].

SECTION 3.20. Intellectual Property; Licenses. The Parent Guarantor, the Borrower and the Restricted Subsidiaries own or possess the right to use all of the trademarks, service marks, trade names, trade dress, logos, domain names and all good will associated therewith, copyrights, patents, patent rights, trade secrets, know-how, franchises, licenses, and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of their respective businesses as currently conducted, without conflict with the rights of any other Person, except where the failure to own or possess the right to use any such IP Rights would not reasonably be expected to have a Material Adverse Effect. Except as would not reasonably be expected to have a Material Adverse Effect, the Parent Guarantor, the Borrower and the Restricted Subsidiaries hold all right, title and interest in and to such IP Rights free and clear of any Lien (other than Liens permitted by Section 6.01). No slogan or other advertising device, product, process, method, substance, part or other material or activity now employed by the Parent Guarantor, the Borrower or any Restricted Subsidiary infringes upon, misappropriates or otherwise violates any rights held by any other Person, except where such infringement, misappropriation or other violation would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.21. Solvency. As of the Funding Date, immediately after giving effect to the consummation of the Transactions to be consummated on such date, the Parent Guarantor, the Borrower and the Subsidiaries are, on a consolidated basis, Solvent.

SECTION 3.22. Collateral Documents. Subject to the Foreign Perfection Requirements (solely in the case of any Foreign Loan Party) and except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law), the provisions of the applicable Collateral Documents will, upon execution and delivery thereof, be effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid and enforceable first priority Lien (subject, in the case of any Collateral other than Collateral consisting of Equity Interests, to Permitted Liens and, in the case of Collateral consisting of Equity Interests, to non-consensual Liens permitted by Section 6.01 (collectively, such Liens, "Permitted Prior Liens")) on all right, title and interest of the respective Loan Parties in the Collateral described therein and proceeds thereof.

SECTION 3.23. Senior Debt. The Obligations constitute "Senior Indebtedness" (or any comparable term) or "Senior Secured Financing" (or any comparable term) under, and as defined in, the documentation governing, any Indebtedness that is subordinated to the Obligations expressly by its terms.

SECTION 3.24. Anti-Terrorism; Anti-Money Laundering; Etc.

(a) The Parent Guarantor and the Borrower have implemented and maintain in effect policies and procedures reasonably designed to ensure compliance in all material respects by the Parent Guarantor, the Borrower, the Subsidiaries and their respective directors, officers, and employees with Anti-Corruption Laws and applicable Sanctions, and the Parent Guarantor, the Borrower, the Subsidiaries and, to each of the Parent Guarantor's and the Borrower's knowledge, its and the Subsidiaries' respective officers and directors, are in compliance with Anti-Corruption Laws in all material respects and applicable Sanctions in all material respects and are not knowingly engaged in any activity that would reasonably be expected to result in the Borrower being designated as a Sanctioned Person.

(b) No Loan Party nor any of the Subsidiaries or, to their knowledge, any of their Related Parties (i) is an "enemy" or an "ally of the enemy" within the meaning of Section 2 of the Trading

with the Enemy Act of the United States (50 U.S.C. App. §§ 1 et seq.), (ii) is in violation of (A) the Trading with the Enemy Act, (B) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) or any enabling legislation or executive order relating thereto, or (C) any other applicable laws relating to terrorism financing or money laundering (collectively, the "Anti-Money Laundering Laws"), in each case in any material respect or (iii) is a Sanctioned Person.

(c) No part of the proceeds of any Loan or Letter of Credit hereunder will be unlawfully used directly or, to the knowledge of the Parent Guarantor or the Borrower, indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person or a Sanctioned Country, or in any other manner that will result in any violation by any Person that is a party to this Agreement (including any Lender or Arranger, the Administrative Agent or any Issuing Bank) of any applicable Anti-Money Laundering Laws, Sanctions or Controlled Substances Laws.

SECTION 3.25. Anti-Corruption Laws. No part of the proceeds of the Loans will be used, directly or, to the knowledge of the Parent Guarantor or the Borrower, indirectly, for any payments to any governmental official, governmental employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity on behalf of a Governmental Authority, in order to obtain, retain or direct business or obtain any improper advantage, in violation of Anti-Corruption Laws.

SECTION 3.26. Affected Financial Institution. No Loan Party is an Affected Financial Institution.

SECTION 3.27. [Reserved].

SECTION 3.28. Permits, Etc. Except as set forth on Schedule 3.28, each Loan Party and each Restricted Subsidiary has, and is in compliance with, all permits, licenses, authorizations, approvals, entitlements and accreditations, including Environmental Permits and Health Care Permits, required for such Person lawfully to own, lease, manage or operate, or to acquire, each business and property currently owned, leased, managed or operated, or to be acquired, by such Person, except to the extent that failure to have or be in compliance therewith would not reasonably be expected to have a Material Adverse Effect. No condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, cancellation, material impairment, forfeiture or non-renewal of any such permit, license, authorization, approval, entitlement or accreditation, including any such Environmental Permit or Health Care Permit, and, to the knowledge of the Loan Party, there is no claim that any of the foregoing is not in full force and effect.

SECTION 3.29. Health Care.

(a) Except as set forth on Schedule 3.29, (i) each of the Loan Parties and the Restricted Subsidiaries is in compliance with all Health Care Laws and (ii) there are no pending or, to the knowledge of the Parent Guarantor or the Borrower, threatened Health Care Claims against, or Health Care Liability of, any Loan Party or Restricted Subsidiary or, to the knowledge of the Borrower, any respective predecessor in interest, except, in each case, where such non-compliance with a Health Care Law or such Health Care Claim, as the case may be, would not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Loan Parties have made available to the Administrative Agent and the Lenders true and complete copies of all material inspections, investigations, enforcement

actions or similar material actions by a Governmental Authority related to Health Care Laws in the possession or control of any Loan Party or any Restricted Subsidiary with respect to the operations and business of the Loan Parties and the Restricted Subsidiaries.

(b) Except as set forth on Schedule 3.29, each of the Loan Parties and the Restricted Subsidiaries is in material compliance with all Controlled Substances Laws. There are no pending or, to the knowledge of the Parent Guarantor or the Borrower, threatened material Controlled Substances Claims against any Loan Party or Restricted Subsidiary or, to the knowledge of the Parent Guarantor or the Borrower, any respective predecessor in interest. The Loan Parties have made available to the Administrative Agent and the Lenders true and complete copies of all material inspections, investigations, enforcement actions or similar material actions by a Governmental Authority related to Controlled Substances Laws in the possession or control of any Loan Party or any Restricted Subsidiary as of the Funding Date with respect to the operations and business of the Loan Parties and the Restricted Subsidiaries.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The effectiveness of this Agreement is subject to the satisfaction (or waived in accordance with Section 9.02) of the following conditions:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto a counterpart of this Agreement signed on behalf of such party (which, subject to Section 9.06, may include any Electronic Signatures transmitted by telecopy, emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page).

(b) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent:

(i) a certificate of each Loan Party party to this Agreement of the Effective Date, dated as of the Effective Date and executed by a secretary, assistant secretary or other Responsible Officer thereof, which shall:

(A) certify that:

(1) attached thereto is a true and complete copy of the certificate or articles of incorporation, association, organization, formation or registration (including all amendments thereto) of such Loan Party certified (to the extent applicable) as of a recent date by the relevant authority of such jurisdiction of incorporation, association, organization, formation or registration,

(2) such certificate or articles of incorporation, formation or organization of such Loan Party attached thereto have not been amended (except as attached thereto) since the date reflected thereon and are in full force and effect,

(3) attached thereto is a true and correct copy of the by-laws or operating, management, partnership or similar agreement of such Loan Party, together with all amendments thereto as of the Effective Date and such by-laws or operating, management, partnership or similar agreements are or is in full force and effect and

(4) attached thereto is a true and complete copy of the resolutions or written consent, as applicable, of its board of directors, board of managers, sole member, general partner, shareholders or other applicable governing body authorizing the execution, delivery and performance of the Loan Documents, which resolutions or consent have not been modified, rescinded or amended (other than as attached thereto) and are in full force and effect, and

(B) identify by name and title and bear the signatures of the officers, managers, directors or authorized signatories of such Loan Party authorized to sign the Loan Documents to which such Loan Party is a party on the Effective Date and

(ii) a good standing (or equivalent) certificate as of a recent date for such Loan Party from the relevant authority of its jurisdiction of incorporation, association, organization, formation or registration (to the extent applicable).

(c) (i) the representations and warranties contained in Article III shall be true and correct in all material respects (provided that, any representation and warranty that is qualified by Material Adverse Effect or other materiality qualifier shall be true and correct in all respects) as of such date except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, in the case of any representation or warranty qualified by Material Adverse Effect or other materiality qualifier, in all respects) as of such earlier date, (ii) no Default or Event of Default shall have occurred and be continuing as of such date and (iii) the Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Responsible Officer of the Borrower, certifying as to the foregoing.

(d) The Administrative Agent shall have received (i) the Waldencast Acquisition Corp. Annual Financial Statements and the Waldencast Acquisition Corp. Quarterly Financial Statements and (ii) the Target Historical Annual Financial Statements and the Target Quarterly Financial Statements.

(e) The Administrative Agent shall have received information necessary to perform customary UCC lien searches with respect to the Loan Parties prior to the Funding Date.

(f) The Administrative Agent shall have received a written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of (i) Skadden, Arps, Slate, Meagher & Flom LLP, United States counsel to the Parent Guarantor and the Borrower, (ii) Maples and Calder (Cayman) LLP, Cayman Islands counsel to Parent Guarantor and the Borrower and (iii) Maples and Calder (Jersey) LLP, Jersey counsel to Parent Guarantor and the Borrower, each in form and substance reasonably satisfactory to the Administrative Agent. The Borrower hereby requests such counsel to deliver such opinions.

(g) (i) The Administrative Agent shall have received, at least three (3) Business Days prior to the Effective Date, all documentation and other information regarding the Borrower requested in

connection with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested in writing at least ten (10) Business Days prior to the Effective Date and (ii) to the extent the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least three (3) Business Days prior to the Effective Date, any Lender that has requested, in a written notice to the Borrower at least three (3) Business Days prior to the Effective Date, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (g) shall be deemed to be satisfied).

Without limiting the generality of the provisions in Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender and each Issuing Bank that has signed this Agreement (and each such Lender's or Issuing Bank's Affiliates, successors and/or assigns) shall conclusively be deemed to (i) have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender or Issuing Bank unless the Administrative Agent shall have received notice from such Lender or Issuing Bank prior to the proposed Effective Date specifying its objection thereto.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. Funding Date. The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Effective Date shall have occurred.

(b) Since November 15, 2021, there shall not have occurred a Company Material Adverse Effect (as defined in either Funding Date Acquisition Agreement) that is continuing.

(c) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent:

(i) the Collateral Documents and the Guarantee Agreement, duly executed by each party thereto, together with:

(A) the certificates representing the shares of capital stock or other Equity Interests (in each case, to the extent certificated) required to be pledged by any Loan Party (including the Parent Guarantor and the Borrower) pursuant to the Collateral Agreements, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof,

(B) each promissory note (if any) required to be pledged by any Loan Party (including the Parent Guarantor the Borrower) pursuant to the Collateral Agreements, endorsed in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof,

(C) one or more intellectual property security agreements, duly executed and delivered by each Loan Party required to be party thereto pursuant to the Collateral Agreements,

(D) UCC-1 financing statements with respect to each Loan Party, in proper form for filing with the applicable Governmental Authority, and

(ii) except to the extent previously delivered pursuant to Section 4.01(b) (although in respect of Parent Guarantor, a certificate complying with the requirements of this Section 4.02(c)(ii) shall be delivered to reflect the appointment of the Replacement General Partner as general partner of Parent Guarantor in the period between the Effective Date and the Funding Date), a certificate of each Loan Party party to any Loan Document as of the Funding Date, dated as of the Funding Date and executed by a secretary, assistant secretary or other Responsible Officer thereof, which shall:

(A) certify that:

(1) attached thereto is a true and complete copy of the certificate or articles of incorporation, formation or organization (including all amendments thereto) of such Loan Party (and in relation to any Loan Party incorporated in Jersey, a copy of all consents to issue shares issued to it under the Control of Borrower (Jersey) Order 1958 and all other Jersey regulatory approvals, authorizations, consents, licenses, permits or registrations issued to it (if any)) certified as of a recent date by the relevant authority of its jurisdiction of incorporation, association, organization, formation or registration,

(2) such certificate or articles of incorporation, formation or organization of such Loan Party attached thereto have not been amended (except as attached thereto) since the date reflected thereon and are in full force and effect,

(3) attached thereto is a true and correct copy of the by-laws or operating, management, partnership or similar agreement of such Loan Party, together with all amendments thereto as of the Effective Date and such by-laws or operating, management, partnership or similar agreements are or is in full force and effect and

(4) attached thereto is a true and complete copy of the resolutions or written consent, as applicable, of its board of directors, board of managers, sole member, general partner, shareholders or other applicable governing body authorizing the execution, delivery and performance of the Loan Documents, which resolutions or consent have not been modified, rescinded or amended (other than as attached thereto) and are in full force and effect, and

(B) identify by name and title and bear the signatures of the officers, managers, directors or authorized signatories of such Loan Party authorized to sign the Loan Documents to which such Loan Party is a party on the Effective Date and (ii) a good standing (or equivalent) certificate as of a recent date for such Loan Party from the

relevant authority of its jurisdiction of incorporation, association, organization, formation or registration (to the extent applicable) and a bring down report from the corporate service provider from which such certificates were obtained verifying that such Loan Party is in good standing on the Funding Date (or, if not reasonably practicable to receive such bring down report on the Funding Date, on the day that is one (1) Business Day prior to the Funding Date).

(d) The Administrative Agent shall have received a written opinion (addressed to the Administrative Agent and the Lenders and dated the Funding Date) of (i) Skadden, Arps, Slate, Meagher & Flom LLP, United States counsel to the Loan Parties, (ii) Walkers (Cayman) LLP, Cayman Islands counsel to the Lenders and (iii) Walkers (Jersey) LLP, Jersey counsel to the Administrative Agent and the Lenders, each in form and substance reasonably satisfactory to the Administrative Agent. The Borrower hereby requests such counsel to deliver such opinions.

(e) The Administrative Agent shall have received a Solvency Certificate, dated the Funding Date and signed by a Financial Officer of the Parent Guarantor.

(f) The Administrative Agent shall have received a certificate, dated the Funding Date and signed by a Responsible Officer of each of the Parent Guarantor and the Borrower, certifying that there have been no material changes (or, in the case of the Parent Guarantor, no changes that would be materially adverse to the Lenders) to the documents delivered pursuant to Section 4.01(b) with respect to the Parent Guarantor or the Borrower, in each case, since the Effective Date.

(g) The Administrative Agent shall have received a Borrowing Request as required by Section 2.03.

(h) (i) The Specified Representations shall be true and correct in all material respects (provided that, any such representations and warranties that are qualified by Material Adverse Effect or other materiality qualifier shall be true and correct in all respects) as of such date except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, in the case of any such representations or warranties qualified by Material Adverse Effect or other materiality qualifier, in all respects) as of such earlier date and (ii) the Specified Acquisition Agreement Representations shall be true and correct in all respects as of such date except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all respects as of such earlier date.

(i) The Administrative Agent shall have received a certificate, dated the Funding Date and signed by a Responsible Officer of the Borrower, certifying as to the conditions set forth in clauses 4.02(b), (h), (k) and (l).

(j) The Administrative Agent shall have received schedules to this Agreement, updated as of the Funding Date and in form and substance reasonably satisfactory to the Administrative Agent and the Lenders, provided that, (i) the Administrative Agent and the Lenders agree that such schedules shall be deemed to be satisfactory if such updated schedules do not differ from the corresponding schedules attached hereto as of the Effective Date in a manner that is material and adverse to the Lenders and (ii) the Lenders shall be deemed to have consented to any such updated schedules unless the Required Lenders shall have objected in writing within three (3) Business Days after receipt of any such updated schedules.

(k) The Existing Credit Agreement Refinancing shall have occurred or will occur on the Funding Date.

(l) The Funding Date Acquisitions shall have been, or substantially concurrently with the initial Borrowing under this Agreement shall be, consummated in all material respects in accordance with the Funding Date Acquisition Agreements, without giving effect to any modification, amendments, consents or waivers to, or any actions taken by the Parent Guarantor, the Borrower or any of its Affiliates in respect of, the Funding Date Acquisition Agreements that are material and adverse to the Lenders or the Arrangers without the prior written consent of the Arrangers; provided that, (i) any change to the definition of "Company Material Adverse Effect" (as defined in either Funding Date Acquisition Agreement) without such consent shall be deemed to be materially adverse to the Lenders and the Arrangers, and (ii) any change in the purchase price in connection with either Funding Date Acquisition shall not be deemed to be material and adverse to the interests of the Lenders and the Arrangers; provided that, (A) any resulting reduction in each case shall be allocated to reduce the aggregate principal amount of the Term Loans, and (B) any increase in purchase price (excluding any purchase price adjustments in accordance with the terms of either Funding Date Acquisition Agreement) shall be funded with the proceeds of an equity contribution.

(m) (i) The Administrative Agent shall have received, at least three (3) Business Days prior to the Funding Date, all documentation and other information regarding the Guarantors requested in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested in writing at least ten (10) Business Days prior to the Funding Date and (ii) to the extent any Guarantor qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least three (3) Business Days prior to the Funding Date, any Lender that has requested, in a written notice to the Borrower at least three (3) Business Days prior to the Effective Date, a Beneficial Ownership Certification in relation to such Guarantor shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (m) shall be deemed to be satisfied).

(n) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Funding Date, including, to the extent invoiced at least two (2) Business Days prior to the Funding Date, reimbursement or payment of all reasonable and documented out-of-pocket expenses required to be reimbursed or paid by any Loan Party under any Loan Document.

(o) [Reserved.]

(p) To the extent requested at least three (3) Business Days prior to the Funding Date, a Note executed by the Borrower in favor of each Lender which has requested a Note pursuant to Section 2.10(e) shall have been received by each such Lender.

(q) The Administrative Agent shall have received:

(i) duly completed grantor consent forms signed by the relevant grantor and any individual named therein as the contact for service for the applicable grantor consenting to the inclusion of their name and contact details in a financing statement on the SIR against the relevant grantor in respect of the security interest to be created pursuant to each Jersey Collateral Agreement,

(ii) a search on the SIR made against each grantor on the Funding Date showing that no financing statement have been registered against it (other than in favor of the Administrative Agent),

(iii) a verification statement issued by the Registrar of the SIR indicating that a financing statement has been successfully registered in respect of each grantor under each Jersey Collateral Agreement,

(iv) a copy of each duly executed notice and acknowledgement required to be given in connection with each Jersey Collateral Agreement, and

(v) in relation to the Borrower and Obagi Holdco 2 Limited, a copy of a special resolution amending its articles of association to permit the taking and enforcement of security without, inter alia, a right for directors to refuse, in their discretion, to register a transfer of shares and an extract of its register of members including an annotation identifying the shares over which security has been granted, duly authorized by an authorized signatory of that company as at the date of the relevant Jersey Collateral Agreement.

provided that, notwithstanding the foregoing, to the extent that any security interest in any Collateral is not, or cannot be, provided and/or perfected on the Funding Date (other than the pledge and perfection of the security interests (1) in the certificated equity securities of the Borrower and any Domestic Subsidiary and (2) in other assets with respect to which a lien may be perfected by the filing of a UCC financing statement) after the Loan Parties' use of commercially reasonable efforts to do so or without undue burden or expense, then the provision and/or perfection of a security interest in such Collateral shall not constitute a condition precedent under this Section 4.02 but instead shall be required to be delivered after the Funding Date pursuant to arrangements to be mutually agreed by the Borrower and the Administrative Agent not later than ninety (90) days after the Funding Date or such longer period as may be agreed by the Administrative Agent in its reasonable discretion.

The Administrative Agent shall notify the Borrower and the Lenders of the Funding Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived in accordance with the Section 9.02) on or prior to 5:00 p.m., New York City time on August 15, 2022 (and, in the event such conditions are not so satisfied or waived, this Agreement and the Commitments shall terminate at such time).

SECTION 4.03. Each Credit Event. After the Funding Date, the obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Banks to issue, amend or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Parent Guarantor and the Borrower set forth in this Agreement shall be true and correct in all material respects (provided that, any representation and warranty that is qualified by Material Adverse Effect or other materiality qualifier shall be true and correct in all respects) on and as of the date of such Borrowing or the date of issuance, amendment or extension of such Letter of Credit, as applicable, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (provided that, any representation and warranty that is qualified by Material Adverse Effect or other materiality qualifier shall be true and correct in all respects) as of such earlier date.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

SECTION 4.04. Certain Funds Provision. During the period from and including the Effective Date to and including the Funding Date (the "Certain Funds Period"), and notwithstanding (i) that any representation (other than a Specified Representation) made on the Effective Date was incorrect, (ii) any provision to the contrary in this Agreement or otherwise or (iii) that any other condition to the occurrence of the Effective Date may subsequently be determined not to have been satisfied, neither the Administrative Agent nor any Lender shall be entitled to (1) cancel any of its Commitments, (2) rescind, terminate or cancel this Agreement or exercise any right or remedy or make or enforce any claim under this Agreement, the Notes, the Fee Letters or otherwise it may have to the extent to do so would prevent, limit or delay the making of its Loan or Loans on the Funding Date, (3) refuse to participate in making its Loan or Loans on the Funding Date so long as the conditions set forth in Section 4.02 have been satisfied or waived, or (4) exercise any right of set-off or counterclaim in respect of its Loan or Loans to the extent to do so would prevent, limit or delay the making of its Loan or Loans on the Funding Date. Notwithstanding anything herein to the contrary, (A) the rights and remedies of the Lenders and the Administrative Agent shall not be limited in the event that any condition set forth in Section 4.02 is not satisfied or waived on the Funding Date and (B) immediately after the expiration of the Certain Funds Period, all of the rights, remedies and entitlements of the Administrative Agent and the Lenders (including those set forth above) shall be available notwithstanding that such rights, remedies and entitlements were not available prior to such time as a result of the foregoing.

ARTICLE V

Affirmative Covenants

From and after the Effective Date, so long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than contingent indemnification obligations as to which no claim has been asserted and obligations and liabilities under Secured Cash Management Agreements and Secured Hedge Agreements) hereunder shall remain unpaid or unsatisfied, or any Letter of Credit (other than Letters of Credit which have been Cash Collateralized or as to which other arrangements satisfactory to the applicable Issuing Bank have been made) shall remain outstanding, the Parent Guarantor and the Borrower shall, and shall (except in the case of the covenants set forth in Sections 5.01, 5.02, 5.03 and 5.13) cause each Restricted Subsidiary to:

SECTION 5.01. Financial Statements. Deliver to the Administrative Agent for prompt distribution to each Lender:

(a) within one hundred twenty (120) days (or, with respect to the Fiscal Year ending December 31, 2023, one hundred twenty two (122) days) after the end of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2022), a consolidated balance sheet of the Parent Guarantor, the Borrower and the Subsidiaries as at the end of such Fiscal Year, and the related consolidated statements of income or operations, changes in equity holders' equity, and cash flows for such Fiscal

Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or explanatory paragraph (other than a "going concern" qualification or exception or explanatory paragraph resulting solely from an upcoming maturity date under any Indebtedness occurring within one year from the time such opinion is delivered or any actual or anticipated breach of the financial covenants set forth in Section 6.11) or any qualification or exception or explanatory paragraph as to the scope of such audit; provided the foregoing financial statements are accompanied by consolidating information that explains in reasonable detail the differences between the information relating to the Parent Guarantor, the Borrower and the Subsidiaries, on the one hand, and the information relating to the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a standalone basis, on the other hand, to the extent applicable; provided further that (A) no comparison required under this Section 5.01(a) shall be required to be made until the financial statements delivered in connection with the Fiscal Year ended to December 31, 2023 and (B) no comparison to any previous or preceding Fiscal Year during which a change in the Fiscal Year was effected shall be required to be included in such audited financial statements, so long as such change in fiscal year is permitted under Section 6.13 (provided that, the Parent Guarantor shall deliver such comparison on an unaudited basis concurrently with the delivery of such audited financial statements).

(b) (x) in connection with each of the first three fiscal quarters of each Fiscal Year (commencing with the fiscal quarter ending June 30, 2022), within sixty (60) days after the end of each such fiscal quarter, an unaudited consolidated balance sheet of the Parent Guarantor, the Borrower and the Subsidiaries as at the end of such fiscal quarter, the related unaudited consolidated statements of income or operations for such fiscal quarter and for the portion of the Fiscal Year then ended, and the related consolidated statements of changes in equity holders' equity, and cash flows for the portion of the Fiscal Year then ended, setting forth in each case in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, all in reasonable detail, certified by a Responsible Officer the Borrower as fairly presenting, in all material respects, the financial condition, results of operations, equity holders' equity and cash flows of the Parent Guarantor, the Borrower and the Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes; provided the foregoing financial statements are accompanied by consolidating information that explains in reasonable detail the differences between the information relating to the Parent Guarantor, the Borrower and the Subsidiaries, on the one hand, and the information relating to the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a standalone basis, on the other hand, to the extent applicable; provided further that no comparison required under this Section 5.01(b) shall be required to be made to any previous or preceding fiscal quarter to the extent such fiscal quarter ended prior to September 30, 2022 and (y) if the Funding Date does not occur on or prior to June 30, 2022, on or prior to September 30, 2022, (i) an unaudited consolidated balance sheet and related unaudited statement of operations and comprehensive loss, and changes in shareholders' equity and cash flows of Obagi and its Subsidiaries (including all notes thereto) as of and for the fiscal quarter ending June 30, 2022 and (ii) an unaudited balance sheet and related unaudited consolidated statement of operations, and member's equity and cash flows of Milk and its Subsidiaries (including all notes thereto) as of and for the fiscal quarter ending June 30, 2022, all in reasonable detail, certified by a Responsible Officer of the Borrower as fairly presenting, in all material respects, the financial condition, results of operations, equity holders' equity and cash flows of Obagi and

its Subsidiaries or Milk or its Subsidiaries, as applicable, in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) not later than sixty (60) days after the end of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2023), an annual budget of the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a consolidated basis consisting of consolidated balance sheets and statements of income or operations and cash flows of the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a quarterly basis for the then-current Fiscal Year (including the Fiscal Year in which the Latest Maturity Date occurs, if such Fiscal Year is the then-current Fiscal Year);

(d) during the Covenant Relief Period, within 45 days after the end of each calendar month (commencing with the calendar month ending September 30, 2023) of the Parent Guarantor, an unaudited consolidated balance sheet of the Parent Guarantor, the Borrower and the Subsidiaries as at the end of such calendar month and the related unaudited consolidated statements of income or operations for such calendar month and for the portion of the Fiscal Year then ended, and the related consolidated statements of changes in equity holders' equity, and cash flows for the portion of the Fiscal Year then ended, setting forth in each case in comparative form, as applicable, the figures for the corresponding calendar month of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year all in reasonable detail, certified by a Responsible Officer the Borrower as fairly presenting, in all material respects, the financial condition, results of operations, equity holders' equity and cash flows of the Parent Guarantor, the Borrower and the Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes; provided the foregoing financial statements are accompanied by consolidating information that explains in reasonable detail the differences between the information relating to the Parent Guarantor, the Borrower and the Subsidiaries, on the one hand, and the information relating to the Parent Guarantor, the Borrower and the Restricted Subsidiaries on a standalone basis, on the other hand, to the extent applicable;

(e) during the Covenant Relief Period, within 15 days after the last day of each calendar month (commencing with the calendar month ending September 30, 2023), a 13-week cash flow forecast for the 13-week period immediately following the last day of such calendar month, setting forth in reasonable detail the consolidated forecasted cash flows for the Parent Guarantor, the Borrower and the Restricted Subsidiaries for such 13-week period.

Notwithstanding the foregoing, the obligations in paragraphs (a), (b), (d) and (e) of this Section 5.01 may be satisfied with respect to financial information of the Parent Guarantor, the Borrower and the Restricted Subsidiaries by furnishing the applicable financial statements and related narrative report of any direct or indirect parent of the Parent Guarantor (in each case, including a reasonably detailed reconciliation reflecting the financial information of the Parent Guarantor, the Borrower and the Restricted Subsidiaries). As to any information contained in materials furnished pursuant to Section 5.02(b) with respect to the Parent Guarantor (or any direct or indirect parent thereof), as applicable, the Parent Guarantor shall not be required separately to furnish such information under paragraphs (a) and (b) of this Section 5.01.

SECTION 5.02. Certificates; Other Information. Deliver to the Administrative Agent for prompt distribution to each Lender:

(a) (i) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b) and (ii) during the Covenant Relief Period, (x) concurrently with the delivery of

the financial statements referred to in Section 5.01(d), a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower and (y) on the last day of each calendar month (commencing with the calendar month ending September 30, 2023) in connection with the testing of the covenant set forth in Section 6.11(c), a certificate signed by a Responsible Officer of the Borrower certifying that (1) at no point during such reporting period was the Minimum Liquidity Covenant breached and (2) the Liquidity as of the end of the last day of such month;

(b) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the equity holders of the Borrower or the Parent Guarantor, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower or the Parent Guarantor may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, whether or not otherwise required to be delivered to the Administrative Agent pursuant hereto; provided that, to the extent any such documents are filed with the SEC, such documents shall be deemed delivered pursuant to this Section 5.02(b) at the time of and so long as the Borrower notifies the Administrative Agent in writing (by facsimile or electronic mail) of the filing with the SEC of any such documents; and

(c) promptly following any request therefor, information regarding the business, financial or corporate affairs of the Parent Guarantor, the Borrower or any Restricted Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may reasonably request; provided that the Parent Guarantor, the Borrower and the Restricted Subsidiaries shall not be required to provide any information that is subject to attorney-client or similar privilege or constitutes attorney work product; provided, in each case, that the Borrower shall have notified the Administrative Agent or the applicable Lender that such document, information or other matter is being withheld on the basis of the foregoing.

(d) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a customary summary management discussion and analysis report, describing the material operations and financial conditions of the Parent Guarantor (or any direct or indirect parent thereof), the Borrower and the Restricted Subsidiaries for the fiscal quarter and portion of the fiscal year then ended (or for the fiscal year then ended in the case of financial statements delivered pursuant to Section 5.01(a)).

Documents required to be delivered pursuant to Sections 5.01(a), (b), (d) or (e) or Sections 5.02(b) or (d) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (1) on which the Parent Guarantor or Borrower posts such documents, or provides a link thereto at www.waldencast.com or any successor website identified in writing by Parent Guarantor or the Borrower to the Administrative Agent from time to time, (2) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent) or (3) on which such documents are filed for public availability on the SEC's Electronic Data Gathering and Retrieval System.

Each of the Parent Guarantor and the Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the Issuing Banks materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks, SyndTrak or another similar electronic

system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information within the meaning of United States federal securities laws ("MNPI") with respect to the Parent Guarantor, the Borrower or the Subsidiaries, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Each of the Parent Guarantor and the Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, the Issuing Banks and the Lenders to treat such Borrower Materials as not containing any MNPI with respect to the Parent Guarantor, the Borrower or the Subsidiaries, or their respective securities (provided that, to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 9.12); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information" (and the Administrative Agent agrees that only Borrower Materials marked "PUBLIC" will be made available on such portion of the Platform); and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform that is not designated "Public Side Information." Notwithstanding the foregoing, the Borrower shall be under no obligation to mark any Borrower Materials "PUBLIC."

SECTION 5.03. Notices of Material Events. Promptly notify the Administrative Agent (for distribution to each Lender) after a Responsible Officer of the Parent Guarantor or the Borrower has obtained actual knowledge of the occurrence of:

(a) any Default;

(b) any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect; or

(c) any other matter that has resulted, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice pursuant to this Section 5.03 shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth reasonable details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto.

SECTION 5.04. Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its incorporation, association, organization, formation or registration except, solely in the case of a Restricted Subsidiary other than the Borrower, to the extent that failure to do so would not reasonably be expected to result in a Material Adverse Effect; provided that, the foregoing shall not prohibit any a transaction permitted by Section 6.04; (b) take all action to maintain all rights, privileges, permits, and licenses reasonably necessary in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; (c) except as otherwise determined in Borrower's reasonable business judgment, preserve, maintain, renew and keep in full force and effect all of its registered patents, trademarks, trade names, trade dress and service marks, the failure of which to so preserve, maintain, renew or keep in full force and effect would reasonably be expected to have a Material Adverse Effect; and (d) pay and discharge as the same shall become due and payable all Federal,

state and other material tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, except to the extent (i) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Parent Guarantor, the Borrower or such Restricted Subsidiary or (ii) failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties. Maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

SECTION 5.06. Maintenance of Insurance.

(a) Maintain with insurance companies that the Borrower believes (in the good faith judgment of its management) are financially sound and reputable (that are not Affiliates of the Borrower) insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated persons engaged in the same or similar businesses as the Parent Guarantor, the Borrower and the Restricted Subsidiaries) as are customarily carried under similar circumstances by such other Persons, and within sixty (60) days after the Funding Date (or such later date as the Administrative Agent may agree in its sole discretion), providing for not less than thirty (30) days' prior notice to the Administrative Agent of termination, lapse or cancellation of such insurance, which insurance (except as to Excluded Subsidiaries) within sixty (60) days after the Funding Date (or such later date as the Administrative Agent may agree in its sole discretion), shall name the Administrative Agent as loss payee (in the case of casualty insurance) or additional insured (in the case of liability insurance); provided, however, if any insurance proceeds are paid on the account of a casualty to assets or properties of any Loan Party that do not constitute Collateral and at such time no Event of Default shall have occurred and is continuing, then the Administrative Agent shall take such actions, including endorsement, to cause any such insurance proceeds to be promptly remitted to the Borrower to be used by the Borrower or such Loan Party in any manner not prohibited by this Agreement.

(b) Notwithstanding anything herein to the contrary, with respect to each Mortgaged Property (if any), if at any time the area in which the buildings and other improvements (as described in the applicable Mortgage) is designated a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), obtain flood insurance in such total amount as the Administrative Agent may from time to time reasonably require, and otherwise to ensure compliance with the NFIP as set forth in the Flood Laws. Following the Funding Date, the Borrower shall deliver to the Administrative Agent annual renewals of each earthquake insurance policy, each flood insurance policy or annual renewals of each force-placed flood insurance policy, as applicable. In connection with any MIRE Event, the Borrower shall provide to the Administrative Agent not later than thirty (30) days prior to the closing of such MIRE Event (and authorize the Administrative Agent to provide to the Lenders) for each Mortgaged Property (if any) a Flood Determination Form, Borrower Notice and Evidence of Flood Insurance, as applicable.

SECTION 5.07. Compliance with Laws. Except as set forth on Schedule 5.07, comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its

business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Maintain in effect and enforce policies and procedures designed to ensure compliance in all material respects by the Parent Guarantor, the Borrower and the Restricted Subsidiaries and their respective directors, officers, and employees with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.08. Books and Records. Maintain proper books of record and account, in which full, true and correct (in all material respects) entries in conformity with GAAP consistently applied shall be made of all material financial transactions, and if and to the extent required by GAAP, matters involving the assets and business of the Parent Guarantor, the Borrower or such Restricted Subsidiary, as the case may be (it being understood and agreed that certain Foreign Subsidiaries maintain individual books and records in conformity with generally accepted accounting principles in their respective jurisdictions of incorporation, association, organization, formation or registration and that such maintenance shall not constitute a breach of the representations, warranties and covenants hereunder).

SECTION 5.09. Inspection Rights. Permit representatives and independent contractors of the Administrative Agent to visit and inspect any of its properties, to examine its corporate, financial and operating records, and to make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants (subject to such accountants' customary policies and procedures), at such reasonable times during normal business hours and as often as may be reasonably desired (with the Borrower being required to pay all reasonable and documented out-of-pocket expenses for one such visit in each Fiscal Year) by the Administrative Agent, upon reasonable advance notice to the Borrower; provided that, when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and upon reasonable advance notice, and without limitation as to frequency. The Administrative Agent shall give the Borrower reasonable opportunity to participate in any discussions with independent public accountants. Notwithstanding the foregoing, neither the Borrower nor any Restricted Subsidiary will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discuss, any document, information or other matter (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by applicable Law or any binding agreement (to the extent such binding agreement was not created in contemplation of such Loan Party's or Subsidiary's obligations under this Agreement) or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product; provided, in each case, that the Borrower shall have notified the Administrative Agent that such document, information or other matter is being withheld on the basis of the foregoing.

SECTION 5.10. Use of Proceeds. Use the proceeds of (a) the Term Loans to consummate the Existing Credit Agreement Refinancing and to pay the fees and expenses incurred in connection with the Transactions and to fund the Acquiror Share Redemption (as defined in the Funding Date Acquisition Agreements), (b) the Revolving Loans for working capital and general corporate purposes of the Parent Guarantor, the Borrower and the Subsidiaries, including for the financing of acquisitions and Investments, and any other purpose not in contravention of any Law or of any Loan Document and (c) any other Credit Event for working capital and general corporate purposes of the Parent

Guarantor, the Borrower and the Subsidiaries, including for the financing of acquisitions and Investments, and any other purpose not in contravention of any Law or of any Loan Document.

SECTION 5.11. Covenant to Guarantee Obligations and Give Security.

(a) Subject to the Agreed Security Principles, upon the formation or acquisition by any Loan Party of any new direct or indirect Subsidiary (other than any Excluded Subsidiary), or upon a Subsidiary ceasing to be an Excluded Subsidiary, the Parent Guarantor and the Borrower shall, at the Borrower's expense:

(i) Within sixty (60) days (as such time may be extended by the Administrative Agent in its reasonable discretion) following the creation or acquisition of such Subsidiary or following such Subsidiary ceasing to be an Excluded Subsidiary, cause such Subsidiary to (a) become a Guarantor and provide the Administrative Agent, for the benefit of the Secured Parties, a Lien on its assets to secure the Obligations by executing and delivering to the Administrative Agent a joinder to the applicable Collateral Agreement, the Guarantee Agreement and/or such other documents as the Administrative Agent shall deem appropriate for such purpose and (b) deliver to the Administrative Agent such other customary documentation reasonably requested by the Administrative Agent including opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (a)), all in form, content and scope reasonably satisfactory to the Administrative Agent;

(ii) within sixty (60) days (as such time may be extended by the Administrative Agent in its reasonable discretion) after such formation or acquisition or after such Subsidiary ceases to be an Excluded Subsidiary, if requested in writing by the Administrative Agent or if the Administrative Agent is directed in writing by the Required Lenders to request, furnish to the Administrative Agent a description of the owned real property of such Subsidiary, in detail reasonably satisfactory to the Administrative Agent;

(iii) within sixty (60) days (as such time may be extended by the Administrative Agent in its reasonable discretion) after such formation or acquisition or after such Subsidiary ceases to be an Excluded Subsidiary, cause each direct and indirect parent (to the extent such parent is a Loan Party) of such Subsidiary to pledge its interests in such Subsidiary to the Administrative Agent, for the benefit of the Secured Parties, to secure such parent's Obligations (if it has not already done so) and to deliver to the Administrative Agent all certificated Equity Interests of such Subsidiary (if any) together with transfer powers in respect thereof endorsed in blank, and cause such Subsidiary:

(A) to duly execute and deliver to the Administrative Agent, for the benefit of the Secured Parties, any additional collateral and security agreements or supplements thereto, as reasonably specified by and in form and substance reasonably satisfactory to the Administrative Agent, to secure payment of all the Obligations of such Subsidiary, and constituting Liens on the personal property (other than Excluded Assets) of such Subsidiary; and

(B) to take whatever action (including the recording of mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and

the endorsement of notices on title documents) may be necessary or advisable in the reasonable opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting first priority perfected Liens on properties purported to be subject to the Collateral Documents and other agreements delivered pursuant to this Section 5.11, subject to Permitted Prior Liens; and

(iv) within sixty (60) days (as such time may be extended by the Administrative Agent in its reasonable discretion) after such formation or acquisition or after such Subsidiary ceases to be an Excluded Subsidiary, deliver to the Administrative Agent, upon the request of the Administrative Agent, a signed copy of an opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties as to such matters as the Administrative Agent may reasonably request.

Notwithstanding any of the foregoing to the contrary, the Collateral shall be subject to the limitations and exclusions set forth in the applicable Collateral Documents and it is understood and agreed that:

(i) no Loan Party shall be required to seek any landlord waiver, bailee letter, estoppel, warehouseman waiver or other collateral access, lien waiver or similar letter or agreement;

(ii) no action shall be required to perfect any Lien with respect to (A) any vehicle or other asset subject to a certificate of title, (B) letter of credit rights, (C) the capital stock or other Equity Interests of any Immaterial Subsidiary or (D) the capital stock or other Equity Interests of any Person that is not a Subsidiary which, if a Subsidiary, would constitute an Immaterial Subsidiary, in each case, except to the extent that a security interest therein is perfected by filing a UCC financing statement (or equivalent) (which shall be the only required perfection action);

(iii) no Loan Party shall be required to perfect a security interest in any asset to the extent perfection of a security interest in such asset would be prohibited under any applicable Law;

(iv) the Administrative Agent shall not require the taking of a Lien on, or require the perfection of any Lien granted in, those assets as to which the cost of obtaining or perfecting such Lien (including any Tax or expenses relating to such Lien) is excessive in relation to the benefit to the Lenders of the security afforded thereby as reasonably determined by the Borrower and the Administrative Agent;

(v) no actions shall be required with respect to assets requiring perfection through control agreements or perfection by "control" (other than in respect of Indebtedness for borrowed money owing to the Loan Parties evidenced by a note in excess of $2,500,000 and certificated Equity Interests of the Borrower and of wholly-owned Restricted Subsidiaries that are Material Subsidiaries otherwise required to be pledged pursuant to the Collateral Agreements);

(vi) the Loan Parties shall not have any obligation to perfect any security interest or Lien, or record any notice thereof, in any IP Rights included in the Collateral in any

jurisdiction other than (x) the United States of America and (y) the jurisdiction of incorporation, association, organization, formation or registration of an applicable Loan Party, in each case, subject to the Agreed Security Principles; and

(vii) the creation and perfection of any security interest by Foreign Subsidiaries shall be subject to the Agreed Security Principles.

(b) With respect to any Material Real Estate Assets owned by a Loan Party on the Funding Date or acquired by a Loan Party thereafter, and all Material Real Estate Assets owned by any Subsidiary that becomes a Loan Party pursuant to Section 5.11(a) above, within ninety (90) days (as such time may be extended by the Administrative Agent in its reasonable discretion) (and, in the case of clause (vii) below, within the time period set forth therein) after (i) the Funding Date, in the case of Material Real Estate Assets owned by the Loan Parties on the Funding Date and (ii) the date such Material Real Estate Assets is acquired (or such Subsidiary is formed or acquired or ceases to be an Excluded Subsidiary, as the case may be) in such other cases, the Parent Guarantor and the Borrower shall, or shall cause the applicable Loan Party to, at its expense, provide to the Administrative Agent, or, with respect to clause (vii), as applicable, acknowledge receipt of, as applicable (in each case, subject to the Agreed Security Principles):

(i) deeds of trust, trust deeds, deeds to secure debt or mortgages made by the Loan Parties in favor of the Administrative Agent for the benefit of the Secured Parties (collectively, with each other mortgage or similar document delivered pursuant to this Section 5.11, the "Mortgages"), each in form and substance reasonably satisfactory to the Administrative Agent and covering the Material Real Estate Assets then owned by the applicable Loan Party, together with any other Material Real Estate Asset acquired by any Loan Party, in each case duly executed by the appropriate Loan Party;

(ii) a description of the owned property so acquired in detail reasonably satisfactory to the Administrative Agent;

(iii) evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered and are in form suitable for filing or recording in all filing or recording offices that the Administrative Agent may deem necessary or desirable in order to create a valid first and subsisting Lien on the property described therein subject to Permitted Prior Liens in favor of the Administrative Agent for the benefit of the Secured Parties and that all filing, documentary, stamp, intangible and recording taxes and fees have been paid;

(iv) fully paid American Land Title Association Lender's Extended Coverage title insurance policies (the "Mortgage Policies"), with endorsements and in amounts reasonably acceptable to the Administrative Agent, issued, coinsured and reinsured by title insurers acceptable to the Administrative Agent, insuring the Mortgages to be valid first and subsisting Liens on the property described therein, subject only to Permitted Prior Liens;

(v) American Land Title Association/National Society of Professional Surveyors surveys of any Material Real Estate Assets that are reasonably acceptable to Administrative Agent and are of a form, scope and substance sufficient to cause all standard survey exceptions from the corresponding Mortgage Policy to be removed and the survey related endorsements issued, for which all necessary fees (where applicable) have been paid and, in each

case, certified to the Administrative Agent, the applicable Loan Party, and the issuer of the Mortgage Policies in a manner reasonably satisfactory to the Administrative Agent by a land surveyor duly registered and licensed in the States in which the property described in such surveys is located, or in lieu thereof, an existing survey, together with a no change affidavit sufficient for the title insurance company to remove the standard survey exception from the applicable Mortgaged Policy and issue the survey related endorsements to the applicable Mortgage Policy;

(vi) without limiting clause (vii) below, evidence of the insurance required by the terms of the Mortgages;

(vii) at least forty (40) days (as such time period may be reduced by the Administrative Agent in its reasonable discretion) prior to the end of the ninety (90) day period referred to in the lead in to this clause (b), the following documents: (A) a completed "life of loan" Federal Emergency Management Agency Standard Flood Hazard Determination form (a "Flood Determination Form"), (B) if any improvement(s) to the applicable improved real property is located in a special flood hazard area, a notification thereof to the Borrower from Administrative Agent ("Borrower Notice") and (if applicable) notification to the Borrower that flood insurance coverage under the National Flood Insurance Program ("NFIP") is not available because the community does not participate in the NFIP, (C) documentation evidencing the Borrower's receipt of the Borrower Notice (e.g., countersigned Borrower Notice, return receipt of certified U.S. Mail, or overnight delivery), and (D) if the Borrower Notice is required to be given and flood insurance is available in the community in which the applicable real property is located, a copy of one of the following: the flood insurance policy, the Borrower's application for a flood insurance policy plus proof of premium payment, a declaration page confirming that flood insurance has been provided as a separate policy or within the property insurance program for the applicable real property, or such other evidence of flood insurance reasonably satisfactory to the Administrative Agent (any of the foregoing being "Evidence of Flood Insurance"); and

(viii) such customary legal opinions and other customary documents (including a certificate from the Borrower certifying that all conditions and requirements in clause (vii) above have been satisfied) as the Administrative Agent may reasonably request with respect to such Mortgage or Mortgaged Property.

Notwithstanding any of the foregoing to the contrary, but without derogation of the Borrower's obligation to deliver information as set forth in clause (vii) above or acknowledge receipt of any such information, as applicable, (i) the Collateral shall exclude Excluded Assets and shall be subject to the limitations and exclusions set forth in the applicable Collateral Documents and the Agreed Security Principles and (ii) the Administrative Agent shall not enter into a Mortgage in respect of any owned Material Real Estate Asset until (a) if such Mortgage relates to a property not located in a flood zone, five (5) Business Days after the Administrative Agent has received and has delivered to the Revolving Lenders a completed Flood Determination Form or (b) if such Mortgage relates to property located in a flood zone, fourteen (14) days after the Administrative Agent has received the following documents and has delivered such documents to the Revolving Lenders: (x) a completed Flood Determination Form, (y) if such real property is located in a "special flood hazard area", (1) a Borrower Notice and (if applicable) notification to the Borrower that flood insurance coverage under the NFIP is not available because the community does not participate in the NFIP and (2) documentation evidencing the Borrower's receipt of

the Borrower Notice (e.g., countersigned Borrower Notice, return receipt of certified U.S. Mail, or overnight delivery) and (z) if flood insurance is required by Flood Laws, Evidence of Flood Insurance.

SECTION 5.12. Compliance with Environmental Laws. Comply, and cause all lessees and other Persons operating or occupying its properties to comply with all applicable Environmental Laws and Environmental Permits, except where the failure to so comply would not reasonably be likely to have a Material Adverse Effect; and, if ordered to do so by a Governmental Authority or otherwise required pursuant to any Environmental Law, conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to address all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws; provided that, neither the Parent Guarantor, the Borrower nor any Restricted Subsidiary shall be required to undertake any such ordered or required cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

SECTION 5.13. Lender Calls. Participate in quarterly conference calls with the Administrative Agent and the Lenders, such calls to be held at such time as may be agreed to by the Borrower and the Administrative Agent within a reasonable period of time following such request, with such calls including members of senior management of the Borrower as the Borrower deems appropriate, to discuss the state of the Borrower's business, including recent performance, operational activities, current business and market conditions and material performance changes; provided that, in no event shall more than one such call be required in any fiscal quarter; provided that, the requirements set forth in this Section 5.13 may be satisfied with a public earnings call for the applicable period.

SECTION 5.14. Further Assurances. Promptly upon request by the Administrative Agent, or any Lender through the Administrative Agent, (a) correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time (in each case, subject to the Agreed Security Principles) in order to (i) carry out more effectively the purposes of the Loan Documents, (ii) to the fullest extent permitted by applicable law, subject any Loan Party's properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Collateral Documents or Section 5.11 or 5.15, (iii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (iv) subject to the limitations set forth in Section 5.11, assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any Restricted Subsidiary is or is to be a party, and cause each Restricted Subsidiary to do so.

SECTION 5.15. Post-Closing Obligations. Each of the Loan Parties shall satisfy the requirements set forth on Schedule 5.15 on or before the date specified for such requirement in such Schedule or such later date to be determined by the Administrative Agent in its sole discretion. So long as the applicable Loan Parties shall have complied with the immediately preceding sentence, the representations and warranties contained in this Agreement and the other Loan Documents in respect of any action described on Schedule 5.15 shall not be deemed violated solely due to the fact that any such

action was not taken as of the Funding Date (so long as any such representation and warranty with respect to any such action shall be true and correct in all material respects as of the date such action is taken (or was required to be taken as set forth in Schedule 5.15 (or such later time as the Administrative Agent may have agreed to in its sole discretion)).

SECTION 5.16. Designation of Restricted and Unrestricted Subsidiaries.

The Borrower may designate any Restricted Subsidiary (other than the Borrower or any parent company of the Borrower) to be an Unrestricted Subsidiary in accordance with the definition of "Unrestricted Subsidiary"; provided that, (i) immediately before and after giving effect to such designation, no Event of Default shall have occurred and be continuing, (ii) immediately before and after giving effect to such designation, the Parent Guarantor, the Borrower and the Restricted Subsidiaries shall be in pro forma compliance with the financial covenants set forth in Section 6.11, and (iii) no Subsidiary may be designated as an Unrestricted Subsidiary if it is a "Restricted Subsidiary" as defined in or in respect of any Indebtedness in excess of the Threshold Amount. All outstanding Investments owned by the Parent Guarantor, the Borrower and the Restricted Subsidiaries in the designated Unrestricted Subsidiary will be treated as an Investment by the Parent Guarantor, the Borrower or such Restricted Subsidiary, as applicable, made at the time of the designation. The amount of all such outstanding Investments will be the aggregate fair market value of such Investments at the time of the designation. The designation will not be permitted if such Investment would not be permitted under Section 6.02 at that time and if such Restricted Subsidiary does not otherwise meet the definition of an Unrestricted Subsidiary. Any designation of any such Restricted Subsidiary as an Unrestricted Subsidiary shall be evidenced to the Administrative Agent by delivering to the Administrative Agent a certified copy of the board resolution of the Borrower giving effect to such designation and a certificate signed by a Responsible Officer of the Borrower certifying that such designation complied with the foregoing conditions and the conditions set forth in the definition of "Unrestricted Subsidiary" and was permitted by this Section 5.16.

If, at any time, any Unrestricted Subsidiary would fail to meet the requirements of clause (iii) of the immediately preceding paragraph or any of those set forth in the definition of "Unrestricted Subsidiary", it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Agreement and (1) any Indebtedness of such Subsidiary, (2) any Liens of such Subsidiary, and (3) any Investments of such Subsidiary, in each case shall be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness, Liens or Investments are not permitted to be incurred as of such date under Section 6.03, Section 6.01 or Section 6.02 as applicable, the Borrower shall be in default of such Section 6.03, Section 6.01 or Section 6.02 as applicable.

The Borrower may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that, any such designation shall be deemed to be an incurrence, on the date of designation, of Indebtedness, Liens and Investments by a Restricted Subsidiary of any outstanding Indebtedness, Liens and Investments of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under Section 6.03, such Liens are permitted under Section 6.01 and such Investments are permitted under Section 6.02; and (2) no Event of Default shall have occurred and be continuing.

SECTION 5.17. Health Care.

(a) Except as set forth on Schedule 5.17, obtain, maintain and preserve, and cause each of the Restricted Subsidiaries to obtain, maintain and preserve, and take all necessary action to timely renew, all Health Care Permits that are necessary for the conduct of its business, and comply, and cause each of the Restricted Subsidiaries to be in compliance with all Health Care Laws and Health Care Permits, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect; and

(b) Provide the Administrative Agent with written notice within ten (10) Business Days of a Health Care Claim or Health Care Liability; and provide such non-privileged reports, documents and information as the Administrative Agent may reasonably request from time to time with respect to any of the foregoing, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.18. Controlled Substances.

(a) Comply, and cause each of the Restricted Subsidiaries to be in material compliance with all Controlled Substances Laws; and

(b) Provide the Administrative Agent with written notice within ten (10) Business Days of a material Controlled Substances Claim; and provide such non-privileged reports, documents and information as the Administrative Agent may reasonably request from time to time with respect to any of the foregoing.

ARTICLE VI

Negative Covenants

From and after the Effective Date, so long as any Lender shall have any Commitment hereunder, any Loan or other Obligation (other than contingent indemnification obligations as to which no claim has been asserted and obligations and liabilities under Secured Cash Management Agreements and Secured Hedge Agreements) hereunder shall remain unpaid or unsatisfied, or any Letter of Credit (other than Letters of Credit which have been Cash Collateralized or as to which other arrangements satisfactory to the applicable Issuing Bank have been made) shall remain outstanding, each of the Parent Guarantor and the Borrower shall not, nor shall it permit any Restricted Subsidiary to, directly or indirectly:

SECTION 6.01. Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens created pursuant to any Loan Document (including any Incremental Amendment);

(b) Liens existing on the Funding Date and, to the extent securing an aggregate amount greater than $500,000, as set forth on Schedule 6.01, and any modifications, replacements, renewals, refinancings or extensions thereof; provided that, (i) the Lien does not extend to any additional property other than (A) after-acquired property that is affixed or incorporated into the property covered by

such Lien and (B) proceeds and products thereof, and (ii) the modification, replacement, renewal, refinancing or extension of the obligations secured or benefited thereby, to the extent constituting Indebtedness, is permitted by Section 6.03(b);

(c) Liens for Taxes which are not yet due or are not overdue for period of more than sixty (60) days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP or the equivalent accounting principles in the relevant local jurisdiction;

(d) Liens imposed by applicable Law, such as carriers', warehousemen's, landlords', mechanics', materialmen's, repairmen's or other like Liens granted or arising in the ordinary course of business, which secure amounts not overdue for a period of more than sixty (60) days or if more than sixty (60) days overdue, are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are (if applicable) maintained on the books of the applicable Person in accordance with GAAP or the equivalent accounting principles in the relevant local jurisdiction;

(e) (i) pledges or deposits in the ordinary course of business in connection with workers' compensation, health, disability or employee benefits, unemployment insurance and other social security laws or similar legislation or regulation or other insurance-related obligations (including, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto) other than any Lien imposed by ERISA, (ii) pledges and deposits in the ordinary course of business securing liability for reimbursement of or indemnification obligations to (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Parent Guarantor, Borrower or any Restricted Subsidiary and (ii) liens on cash collateral to secure reimbursement obligations under letters of credit provided to support any of the obligations described in the preceding clauses (i) and (ii);

(f) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness for borrowed money), statutory obligations, surety, stay, customs and appeal bonds, performance bonds and other obligations of a like nature (including those to secure health, safety and environmental obligations) incurred in the ordinary course of business or consistent with past practice;

(g) easements, rights-of-way, covenants, conditions, restrictions (including zoning restrictions), encroachments, protrusions and other similar Liens and minor title defects affecting real property which, in the aggregate, do not materially interfere with the ordinary conduct of the business of the applicable Person, and matters that are disclosed in any Mortgage Policies reasonably acceptable to the Administrative Agent;

(h) Liens securing judgments or orders for the payment of money not constituting an Event of Default under Section 7.01(h) or securing appeal or other surety bonds related to such judgments;

(i) (i) Liens securing Indebtedness permitted under Section 6.03(e); provided that, (A) such Liens do not at any time encumber any property (except for replacements, additions and accessions to such property) other than the property financed by such Indebtedness and (B) the Indebtedness secured thereby does not exceed the cost or fair market value of the property, whichever is lower, being acquired on the date of acquisition, improvements thereto and related expenses; provided

that, individual financings of equipment provided by one lender may be cross collateralized to other financings of equipment provided by such lender on customary terms; and (ii) Liens securing Indebtedness permitted under Section 6.03(t); provided that, (w) such Liens existed on the property or asset prior to the acquisition thereof by the Parent Guarantor, the Borrower or any Restricted Subsidiary or existed on the property or asset of any Person that becomes a Restricted Subsidiary in connection with a Permitted Acquisition, (x) such Lien is not created in connection with such acquisition or such Person becoming a Restricted Subsidiary, as the case may be and (y) such Lien shall not encumber any other property or assets of the Parent Guarantor, the Borrower or any Restricted Subsidiary (other than any Person acquired by the Parent Guarantor, the Borrower or any Restricted Subsidiary as a result of a Permitted Acquisition and any Restricted Subsidiary of such acquired Person) as of the date of such Permitted Acquisition;

(j) (x) precautionary filings in respect of operating leases and (y) leases, licenses, subleases, cross-licenses or sublicenses granted to others in the ordinary course of business which do not (i) interfere in any material respect with the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole or (ii) secure any Indebtedness;

(k) other Liens on property of Domestic Subsidiaries that are Restricted Subsidiaries securing Indebtedness in an aggregate principal amount and other obligations in an amount which does not exceed the greater of $10,000,000 and 25% of Consolidated EBITDA of the Parent Guarantor, Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (1) prior to the Funding Date, Section 4.01(d)(i) and (2) on and after the Funding Date, Section 4.01(d)(i) and (ii), in the aggregate; provided that, notwithstanding the foregoing, no Liens may be incurred pursuant to this clause (k) during the Covenant Relief Period in excess of $1,000,000;

(l) Liens on property of Foreign Subsidiaries (other than the Borrower) that are Restricted Subsidiaries securing Indebtedness of such Foreign Subsidiaries that are Restricted Subsidiaries permitted by Section 6.03(g); provided that, notwithstanding the foregoing, no Liens may be incurred pursuant to this clause (l) during the Covenant Relief Period in excess of $1,000,000;

(m) Liens in favor of custom and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(n) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of letters of credit and bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(o) Liens arising out of conditional sale, consignment, title retention or similar arrangements for the sale of goods entered into by the Parent Guarantor, the Borrower or any Restricted Subsidiary in the ordinary course of business;

(p) Liens (i) of a collection bank arising under Section 4-210 of the UCC on items in the course of collection; (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business; and (iii) in favor of banking institutions arising as a matter of Law or under customary general terms and conditions encumbering deposits or other funds

maintained with a financial institution (including the right of set-off) and which are within the general parameters customary in the banking industry or arising pursuant to such banking institution's general terms and conditions;

(q) deposits made in the ordinary course of business to secure liability to insurance carriers;

(r) Liens on Cash Collateral granted in favor of any Lenders and/or Issuing Banks created as a result of any requirement or option to Cash Collateralize pursuant to this Agreement;

(s) Liens that are customary contractual rights of setoff (i) relating to the establishment of depository relations with banks or other financial institutions not given in connection with the incurrence of Indebtedness; (ii) relating to pooled deposit or sweep accounts of the Parent Guarantor, the Borrower or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Parent Guarantor, the Borrower or any Restricted Subsidiary; provided that, notwithstanding the foregoing, no Liens may be incurred pursuant to this clause (s)(ii) during the Covenant Relief Period in excess of $1,000,000; or (iii) relating to purchase orders and other agreements entered into with customers of the Parent Guarantor, the Borrower or any Restricted Subsidiary in the ordinary course of business;

(t) (i) zoning, entitlements, environmental or conservation restrictions, licenses and permits (including building licenses and permits) and other land use and environmental regulations by Governmental Authorities with which the normal operation of the business complies except for such non-compliance that does not materially interfere with the ordinary conduct of the business of the Parent Guarantor, the Borrower or any Restricted Subsidiary; and (ii) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Parent Guarantor, the Borrower or any Restricted Subsidiary;

(u) Liens (i) (1) on advances of cash or Cash Equivalents in favor of the seller of any property to be acquired in any Investment permitted pursuant to Section 6.02 (other than Section 6.02(g)) to be applied against the purchase price for such Investment and (2) consisting of any agreement to dispose of any property in a Disposition permitted pursuant to Section 6.05 (other than Section 6.05(g)), in each case solely to the extent such Investment or Disposition, as the case may be, would have been permitted on the date of the creation of such Lien or on the date of any contract for such Investment or Disposition and (ii) on any cash earnest money deposits made by the Parent Guarantor, the Borrower or any Restricted Subsidiary in connection with any letter of intent or purchase agreement permitted hereunder;

(v) Liens consisting of licensing or sublicensing agreements for the use of IP Rights entered into in the ordinary course of business;

(w) Liens on the assets of a Restricted Subsidiary (other than the Targets and their respective Subsidiaries as of the Funding Date) that exist at the time such Restricted Subsidiary first becomes a Restricted Subsidiary or such assets were first acquired by such Restricted Subsidiary, so long as (i) such Liens were not entered into in contemplation of such Person becoming a Restricted Subsidiary or assets being acquired and (ii) such Liens are not securing Indebtedness;

(x) [reserved]; and

(y) Liens on Equity Interests in joint ventures (i) securing obligations of such joint ventures or (ii) pursuant to the relevant joint venture agreement or arrangement; provided that, notwithstanding the foregoing, no Liens may be incurred pursuant to this clause (y) during the Covenant Relief Period unless, in the case of clause (ii) above, such Lien was in existence pursuant to the relevant joint venture agreement or arrangement prior to June 30, 2023.

For purposes of determining compliance with this Section 6.01, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of Permitted Liens described in Sections 6.01(a) through (y) but may be permitted in part under any combination thereof and (B) in the event that a Lien securing an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens described in Sections 6.01(a) through (y), the Borrower shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such Lien securing such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.01 and will only be required to include the amount and type of such Lien or such item of Indebtedness secured by such Lien in one of the categories of such Lien securing such item of Indebtedness permitted in this Section 6.01. In addition, with respect to any Lien securing Indebtedness that was permitted to be secured at the time of incurrence thereof, additional Indebtedness resulting solely from the accrual of interest, accretion of accreted value, the payment of interest in the form of additional Indebtedness or in the form of common stock of the Parent Guarantor, or the amortization of original issue discount, the accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies, in each case with respect to such permitted secured Indebtedness, shall also be permitted to be secured by such Lien.

SECTION 6.02. Investments. Make any Investments, except:

(a) Investments held by the Parent Guarantor, the Borrower or any Restricted Subsidiary in the form of cash and Cash Equivalents;

(b) advances to officers, directors, employees and consultants of the Parent Guarantor, the Borrower and Restricted Subsidiaries (i) in an aggregate amount not to exceed $2,500,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes; and (ii) in connection with such Person's purchase of Equity Interests of the Parent Guarantor, provided that, no cash is actually advanced pursuant to this clause (ii) unless immediately repaid; provided further, that notwithstanding the foregoing, no Investments may be made pursuant to this clause (b) during the Covenant Relief Period in excess of $500,000;

(c) Investments (i) existing or contractually committed on the Funding Date in Subsidiaries existing on the Funding Date; provided that, in the case of this clause (i), any such Investments in Restricted Subsidiaries that are not Loan Parties in the form of intercompany loans by Loan Parties shall be evidenced by notes that have been pledged (individually or pursuant to a global note) to the Administrative Agent in form and substance reasonably satisfactory to the Administrative Agent for the benefit of the Secured Parties unless such pledge would, in the good faith judgment of the Borrower in consultation with the Administrative Agent, result in adverse tax consequences to the Parent Guarantor, the Borrower and the Restricted Subsidiaries as reasonably determined by Borrower in consultation with the Administrative Agent; (ii) in Loan Parties (including those formed or acquired after the Funding Date so long as the Parent Guarantor, the Borrower and the Restricted Subsidiaries comply

with the applicable provisions of Section 5.11, provided that, notwithstanding anything to the contrary in this Agreement or any other Loan Document, the Lien of the Administrative Agent for the benefit of the Secured Parties shall not attach to any such Investment in the form of an intercompany loan and any intercompany note evidencing such loan shall not be required to be delivered to the Administrative Agent if any such note is subsequently reasonably promptly contributed to a Subsidiary that is not a Loan Party pursuant to Section 6.02(c)(iv)); (iii) by Restricted Subsidiaries that are not Loan Parties in Restricted Subsidiaries that are not Loan Parties; (iv) by the Borrower or any other Loan Party in Unrestricted Subsidiaries or in Restricted Subsidiaries that are not Loan Parties; provided that, in the case of this clause (iv), (A) no Event of Default shall have occurred and be continuing, (B) the Parent Guarantor, the Borrower and the Restricted Subsidiaries comply with the applicable provisions of Section 5.11, (C) the aggregate amount of all such Investments outstanding at any time (determined without regard to any write-downs or write-offs of such Investments) shall not exceed the sum of (1) the greater (x) of $10,000,000 and (y) 15% of Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (1) prior to the Funding Date, Section 4.01(d)(i) and (2) on and after the Funding Date, Section 4.01(d)(i) and (ii) plus (2) an amount not to exceed the Available Amount at the time of the making of such Investment, plus (3) any Net Equity Proceeds; provided further that, this clause (C) shall not apply to any such Investment that is in the form of an equity contribution or intercompany loan if, reasonably promptly following receipt of such equity contribution or intercompany loan, the proceeds of such equity contribution or intercompany loan shall be used by such Restricted Subsidiaries that are not Loan Parties (or Subsidiaries thereof) to consummate a Permitted Acquisition (and any such Investment described in this proviso shall not utilize the basket set forth in this clause (C), but shall, if applicable, utilize the basket set forth in the definition of Permitted Acquisition) and (D) any such Investments in the form of intercompany loans shall be evidenced by notes that have been pledged (individually or pursuant to a global note) to the Administrative Agent in form and substance reasonably satisfactory to the Administrative Agent for the benefit of the Secured Parties unless (x) such pledge would result in adverse tax consequences to the Parent Guarantor, the Borrower and the Restricted Subsidiaries as reasonably determined by Borrower in consultation with the Administrative Agent or (y) reasonably promptly following the making of such intercompany loan the holder of such note representing such loan contributes such note as an equity contribution to any Restricted Subsidiary that is not a Loan Party that will reasonably promptly following receipt of such equity contribution consummate (or cause one or more of its Restricted Subsidiaries to consummate) a Permitted Acquisition, in which case and in each such case, notwithstanding anything to the contrary in this Agreement or any other Loan Document, the Lien of the Administrative Agent for the benefit of the Secured Parties shall not attach to any such note, and any such note shall not be required to be delivered to the Administrative Agent;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) (i) Any Investments by the Borrower or any Guarantor in the form of Permitted Acquisitions and (ii) any Permitted Acquisition by any Restricted Subsidiary that is not a Loan Party (or any Restricted Subsidiary thereof) funded from, reasonably promptly following receipt thereof, the cash proceeds received by such Restricted Subsidiary (or any parent entity(ies) thereof that is also a Restricted

Subsidiary and that received such proceeds in accordance with Section 6.02(c)(iv)) from any equity contribution or intercompany loan permitted under Section 6.02(c)(iv);

(f) Guarantees permitted by Section 6.03 or of obligations that do not constitute Indebtedness in the ordinary course of business or consistent with past practice;

(g) to the extent constituting Investments, transactions expressly permitted under Sections 6.01 (other than Section 6.01(u)), 6.04 (other than Section 6.04(c)), 6.06(d) and 6.14;

(h) Investments existing on, or made pursuant to legally binding written commitments in existence on, the Funding Date and, to the extent having an aggregate value greater than $500,000, set forth on Schedule 6.02, and any modification, replacement, renewal or extension thereof; provided that, the amount of the original Investment is not increased except by the terms of such Investment or as otherwise permitted by this Section 6.02;

(i) promissory notes and other non-cash consideration received in connection with Dispositions permitted by Section 6.05;

(j) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business and upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(k) Investments to the extent that payment for such Investments is made solely by the issuance of Qualified Equity Interests of the Parent Guarantor to the seller of such Investments;

(l) Restricted Subsidiaries may be established or created if the Parent Guarantor, the Borrower and such Restricted Subsidiary comply with the requirements of Section 5.11, if applicable; provided that, in each case, to the extent such new Restricted Subsidiary is created solely for the purpose of consummating a transaction pursuant to an acquisition permitted by this Section 6.02, and such new Restricted Subsidiary at no time holds any assets or liabilities other than any merger or acquisition consideration contributed to it contemporaneously with the closing of such transactions, such new Restricted Subsidiary shall not be required to take the actions set forth in Section 5.11, as applicable, until the applicable acquisition is consummated (at which time the surviving entity of the applicable transaction shall be required to so comply in accordance with the provisions thereof);

(m) (i) Investments held by any Restricted Subsidiary acquired after the Funding Date, or of any Person acquired by, or merged into or consolidated or amalgamated with the Parent Guarantor, the Borrower or any Restricted Subsidiary after the Funding Date, in each case, as part of an Investment otherwise permitted by this Section 6.02 to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of the relevant acquisition, merger, amalgamation or consolidation and (ii) any modification, replacement, renewal or extension of any Investment permitted under clause (i) of this Section 6.02(m) so long as no such modification, replacement, renewal or extension thereof increases the amount of such Investment except as otherwise permitted by this Section 6.02; provided that, notwithstanding the foregoing, no Investments may be made pursuant to this clause (m) during the Covenant Relief Period that is not in connection with a Permitted Acquisition;

(n) Swap Contracts to the extent permitted pursuant to Section 6.03(d);

(o) so long as no Event of Default has occurred and is continuing or would be caused thereby, other Investments; provided that, in no event shall the aggregate amount of Investments outstanding at any time pursuant to this Section 6.02(o) during the term of this Agreement (net of any returns of capital on such Investments) exceed the sum of (1) the greater of (x) $10,000,000 and (y) 25% of Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (1) prior to the Funding Date, Section 4.01(d)(i) and (2) on and after the Funding Date, Section 4.01(d)(i) and (ii) plus (2) an amount not to exceed the Available Amount at the time of the making of such Investment plus (3) any Net Equity Proceeds; provided further, that notwithstanding the foregoing, no Investments may be made pursuant to this clause (o) during the Covenant Relief Period in excess of $1,000,000;

(p) the Funding Date Acquisitions;

(q) Investments consisting of the non-exclusive licensing or sublicensing of IP Rights in the ordinary course of business;

(r) Investments consisting of the non-exclusive licensing or contribution of IP Rights pursuant to joint marketing arrangements with other Persons;

(s) unlimited Investments shall be permitted so long as (i) no Event of Default shall exist before or after giving effect to such Investment and (ii) the pro forma Total Leverage Ratio would be less than 3.00:1.00; provided that, notwithstanding the foregoing, no Investments may be made pursuant to this clause (s) during the Covenant Relief Period; and

(t) Investments made prior to the Second Amendment Effective Date in connection with the indirect acquisition of equity interests in Obagi Viet Nam Import Export Trading MTV Company Limited, a company incorporated in accordance with the laws of Vietnam.

Notwithstanding anything to the contrary herein, the Parent Guarantor and the Borrower will not, and will not permit any Restricted Subsidiary to, sell, lease, convey, assign, transfer or otherwise dispose (including pursuant to an exclusive license) of intellectual property that is material to the operation of the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole, to any Affiliate of the Borrower who is not a Loan Party (including any Unrestricted Subsidiary), other than (in each case to the extent otherwise permitted pursuant to this Section 6.02) (x) licenses, sublicenses or cross-licenses of intellectual property in the ordinary course of business and which do not materially interfere with the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole and (y) any such disposition from a Restricted Subsidiary that is not a Loan Party to a Restricted Subsidiary that is not a Loan Party.

SECTION 6.03. Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents, including Incremental Term Loans and Incremental Revolving Loans;

(b) Indebtedness outstanding on the Funding Date and, to the extent constituting an aggregate principal amount greater than $500,000 as set forth on Schedule 6.03, and any Permitted Refinancing Indebtedness in respect thereof; provided that, any such Indebtedness (including any Permitted Refinancing Indebtedness in respect thereof), to the extent owed by a Loan Party to a Subsidiary that is not a Loan Party, shall be unsecured and subordinated to the payment of the Obligations in a manner reasonably satisfactory to the Administrative Agent;

(c) (i) Guarantees by the Borrower or any Guarantor in respect of Indebtedness otherwise permitted hereunder of the Borrower or any Guarantor; (ii) Guarantees by any Restricted Subsidiary that is not a Loan Party in respect of Indebtedness otherwise permitted hereunder of the Parent Guarantor, the Borrower or any Restricted Subsidiary; and (iii) Guarantees by the Borrower or any Guarantor in respect of Indebtedness otherwise permitted hereunder of Restricted Subsidiaries that are not Loan Parties to the extent such Guarantee constitutes an Investment permitted by Sections 6.02(c)(i) or 6.02(o); provided that, notwithstanding the foregoing, no Indebtedness may be incurred pursuant to this clause (c)(iii) during the Covenant Relief Period in excess of $1,000,000;

(d) obligations (contingent or otherwise) of the Parent Guarantor, the Borrower or any Restricted Subsidiary existing or hereafter arising under any Swap Contract; provided that, (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation; and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party (other than pursuant to customary *netting* or set-off provisions);

(e) (1) Indebtedness of the Parent Guarantor, the Borrower or any Restricted Subsidiary in respect of Capital Leases and purchase money obligations for fixed or capital assets, which may be secured by Liens under and within the applicable limitations set forth in Section 6.01(i); provided that, the aggregate amount of all such Indebtedness at any one time outstanding pursuant to this clause (e) (when aggregated with the aggregate principal amount of Permitted Refinancing Indebtedness (other than any Refinancing Excess Amounts) Incurred pursuant to subclause (2) below in respect of such Indebtedness then outstanding) shall not exceed the greater of (x) $8,000,000 and (y) 20% of Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (1) prior to the Funding Date, Section 4.01(d)(i) and (y) on and after the Funding Date, Section 4.01(d)(i) and (ii) and (2) Permitted Refinancing Indebtedness in respect of any Indebtedness incurred under the foregoing;

(f) Indebtedness of the Parent Guarantor, the Borrower or any Restricted Subsidiary owing to the Parent Guarantor, the Borrower or any Restricted Subsidiary to the extent constituting an Investment permitted by Section 6.02(c); provided that, such Indebtedness, to the extent owed by a Loan Party to a Restricted Subsidiary that is not a Loan Party, shall be subordinated to the payment of the Obligations in a manner reasonably satisfactory to the Administrative Agent;

(g) Indebtedness incurred by a Restricted Subsidiary that is not organized under the laws of any political subdivision of the United States, which, when aggregated with the principal amount

of all other Indebtedness incurred pursuant to this clause (g) and then outstanding, does not exceed the greater of (x) $7,000,000 and (y) 14% of Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to 5.01(a) or (b), the financial statements delivered pursuant to (1) prior to the Funding Date, Section 4.01(d)(i) and (2) on and after the Funding Date, Section 4.01(d)(i) and (ii); provided that, notwithstanding the foregoing, no Indebtedness may be incurred pursuant to this clause (g) during the Covenant Relief Period in excess of $1,000,000;

(h) (1) unsecured Indebtedness issued by the Parent Guarantor, the Borrower and the Restricted Subsidiaries, including Disqualified Equity Interests; provided that, (i) the pro forma Total Leverage Ratio would be less than 4.00:1.00, (ii) the stated maturity of such Indebtedness is not less than ninety one (91) days following the Latest Maturity Date at the time of incurrence of such unsecured Indebtedness and the Weighted Average Life to Maturity of such Indebtedness is not shorter than the remaining Weighted Average Life to Maturity of any Term Loans, and (iii) at the time of incurrence of such Indebtedness, there shall be no Event of Default; provided that, the aggregate amount of all Indebtedness incurred by Restricted Subsidiaries that are not Loan Parties at any one time outstanding pursuant to this clause (h) (when aggregated with the aggregate principal amount of Permitted Refinancing Indebtedness (other than any Refinancing Excess Amounts) Incurred pursuant to subclause (2) below in respect of such Indebtedness then outstanding) shall not exceed the greater of (i) $15,000,000 and (ii) 37.5% of Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (1) prior to the Funding Date, Section 4.01(d)(i) and (2) on and after the Funding Date, Section 4.01(d)(i) and (ii) and (2) Permitted Refinancing Indebtedness in respect of any Indebtedness incurred under the foregoing; provided further, that, notwithstanding the foregoing, no Indebtedness may be incurred pursuant to this clause (h) during the Covenant Relief Period;

(i) other Indebtedness of the Parent Guarantor, the Borrower and the Restricted Subsidiaries in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) $10,000,000 and (y) 25% of Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (1) prior to the Funding Date, Section 4.01(d)(i) and (2) on and after the Funding Date, Section 4.01(d)(i) and (ii); provided that, notwithstanding the foregoing, no Indebtedness may be incurred pursuant to this clause (i) during the Covenant Relief Period in excess of $1,000,000;

(j) [reserved];

(k) Indebtedness of the Parent Guarantor, the Borrower or any Restricted Subsidiary consisting of obligations to pay insurance premiums or take-or-pay obligations contained in supply arrangements incurred in the ordinary course of business;

(l) Indebtedness consisting of obligations of the Parent Guarantor, the Borrower or the Restricted Subsidiaries under deferred consideration or other similar arrangements (including earn-outs, indemnifications, incentive non-competes and other contingent obligations and agreements

consisting of the adjustment of purchase price or similar adjustments) incurred by such Person in connection with any Permitted Acquisition or Disposition permitted by Section 6.05 or any other Investment permitted under Section 6.02; provided that, the aggregate principal amount of all such Indebtedness of Restricted Subsidiaries that are not Loan Parties shall not exceed $5,000,000 in the aggregate at any time outstanding;

(m) Indebtedness incurred by the Parent Guarantor, the Borrower or any Restricted Subsidiary in respect of bank guarantees, warehouse receipts or similar instruments (other than letters of credit) issued or created in the ordinary course of business or consistent with past practice, including in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance, or other Indebtedness with respect to reimbursement type obligations (other than obligations in respect of letters of credit) regarding workers compensation claims;

(n) obligations in respect of performance, bid, appeal and surety bonds and performance and completion guarantees and similar obligations provided by the Parent Guarantor, the Borrower or any Restricted Subsidiary;

(o) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that, such Indebtedness is extinguished within five (5) Business Days of incurrence;

(p) Indebtedness in respect of overdraft facilities, automatic clearinghouse arrangements, employee credit card programs, corporate cards and purchasing cards, and other business cash management arrangements in the ordinary course of business, including Indebtedness arising under or in connection with any Cash Management Agreement with a Cash Management Bank, and incentive, supplier finance or similar programs;

(q) Indebtedness incurred under commercial letters of credit issued for the account of the Parent Guarantor, the Borrower or any Restricted Subsidiary in the ordinary course of business (and not for the purpose of, directly or indirectly, incurring Indebtedness or providing credit support or a similar arrangement in respect of Indebtedness) or Indebtedness of the Parent Guarantor, the Borrower or any Restricted Subsidiary under letters of credit and bank guarantees backstopped by Letters of Credit issued under this Agreement;

(r) Indebtedness representing deferred compensation to employees of the Parent Guarantor, the Borrower or any Restricted Subsidiary incurred in the ordinary course of business;

(s) (x) unsecured Indebtedness of a Loan Party that is incurred on the date of the consummation of a Permitted Acquisition solely for the purpose of consummating such Permitted Acquisition provided that, (i) the pro forma Total Leverage Ratio would be less than 4.25:1.00, (ii) the stated maturity of such Indebtedness is not less than ninety one (91) days following the Latest Maturity Date at the time of incurrence of such unsecured Indebtedness and the Weighted Average Life to Maturity of such Indebtedness is not shorter than the remaining Weighted Average Life to Maturity of any Term Loans, and (iii) at the time of incurrence of such Indebtedness, there shall be no Event of Default and (y) Permitted Refinancing Indebtedness in respect of any Indebtedness incurred under the foregoing; provided further, that, notwithstanding the foregoing, no Indebtedness may be incurred pursuant to this clause (s) during the Covenant Relief Period;

(t) (x) Indebtedness assumed in connection with a Permitted Acquisition; provided that, (i) such Indebtedness existed prior to the consummation of such Permitted Acquisition, (ii) such Indebtedness is not created in contemplation of such Permitted Acquisition, (iii) such Indebtedness is solely the obligation of such Person, and not of the Parent Guarantor, the Borrower or any Restricted Subsidiary (other than any Person acquired by the Parent Guarantor, the Borrower or any Restricted Subsidiary as a result of such Permitted Acquisition and any Restricted Subsidiary of such acquired Person as of the date of such Permitted Acquisition), (iv) the Borrower is in pro forma compliance with the financial covenants set forth in Section 6.11 and (v) to the extent such Indebtedness represents Indebtedness for borrowed money, the aggregate amount of such Indebtedness (when aggregated with the aggregate principal amount of Permitted Refinancing Indebtedness (other than any Refinancing Excess Amounts) Incurred pursuant to subclause (y) below in respect of such Indebtedness then outstanding) shall not exceed $5,000,000 at any one time outstanding and (y) Permitted Refinancing Indebtedness in respect thereof; provided further, that, notwithstanding the foregoing, no Indebtedness may be incurred pursuant to this clause (t) during the Covenant Relief Period;

(u) unsecured Indebtedness in respect of obligations to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided that, such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or hedging obligations; and

(v) Indebtedness to the extent that 100% of such Indebtedness is supported by any Letter of Credit.

The accrual of interest, the accretion of accreted value, the payment of interest in the form of additional Indebtedness, the payment of dividends on Disqualified Equity Interests in the form of additional shares of Disqualified Equity Interests, accretion or amortization of original issue discount or liquidation preferences and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate or currencies will not be deemed to be an incurrence of Indebtedness for purposes of this Section 6.03. The principal amount of any non-interest bearing Indebtedness or other discount security constituting Indebtedness at any date shall be the principal amount thereof that would be shown on a consolidated balance sheet of Holdings dated such date prepared in accordance with GAAP.

Further, for purposes of determining compliance with this Section 6.03, (A) Indebtedness need not be permitted solely by reference to one category of permitted Indebtedness described in Sections 6.03(a) through (t) but may be permitted in part under any combination thereof and (B) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Indebtedness described in Sections 6.03(a) through (t), the Borrower shall, in its sole discretion, classify or reclassify, or later divide, classify or reclassify, such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.03 and will only be required to include the amount and type of such item of Indebtedness (or any portion thereof) in one of the categories of Indebtedness permitted in this Section 6.03; provided that,, notwithstanding the foregoing, (i) all Indebtedness outstanding on the Funding Date (other than Obligations or Indebtedness constituting an aggregate principal amount of $500,000 or less) and set forth on Schedule 6.03 shall at all times be deemed to have been incurred and to exist pursuant to Section 6.03(b) and (ii) all obligations under Swap Contracts shall at all times be deemed to have been incurred and to exist pursuant to Section 6.03(d).

SECTION 6.04. Fundamental Changes. Merge, dissolve, liquidate, consolidate with or into another Person, take any action for its registration by way of continuation under the laws of a jurisdiction outside of its Original Jurisdiction or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Event of Default exists or would result therefrom:

(a) any Subsidiary (other than the Borrower) may merge with (i) the Borrower; provided that, the Borrower shall be the continuing or surviving Person and (ii) any Subsidiary (other than the Borrower); provided that, (A) when any Restricted Subsidiary is merging with another Subsidiary, a Restricted Subsidiary shall be the continuing or surviving Person, (B) when any Guarantor is merging with another Subsidiary, the continuing or surviving Person shall be a Guarantor and (C) if as a result thereof, either the Parent Guarantor or the Borrower owns, directly or indirectly, less of such Subsidiary's equity interests than it did prior to the merger, such merger shall also constitute a Disposition subject to Section 6.05 (and must be permitted by any clause thereof other than Section 6.05(g));

(b) a merger, dissolution, liquidation, consolidation or Disposition (i) of any Immaterial Subsidiary or (ii) the purpose of which is to effect a Disposition permitted pursuant to Section 6.05 (other than Section 6.05(g))

(c) the Parent Guarantor, the Borrower or any Restricted Subsidiary may consummate any Permitted Acquisition or any other Investment permitted by Section 6.02; provided that, (i) in any such transaction involving the Borrower, the Borrower shall be the continuing or surviving Person; (ii) in any such transaction involving the Parent Guarantor, the Parent Guarantor shall be the continuing or surviving person; and (iii) in any such transaction involving a Guarantor, the continuing or surviving Person shall be a Guarantor;

(d) any Restricted Subsidiary (other than the Borrower) may Dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution or otherwise) (i) to the Borrower or to a Guarantor; or (ii) if the transferor is not a Guarantor, to any other Restricted Subsidiary; provided in each case that (A) if the transferor in such a transaction is a wholly-owned Restricted Subsidiary, then the transferee must either be the Borrower or a wholly-owned Restricted Subsidiary and (B) to the extent that the transferee is not the Borrower or a wholly-owned Restricted Subsidiary (based on the percentage of such transferee which is not owned directly or indirectly by the Borrower), the Disposition shall constitute a Disposition subject to Section 6.05 and shall be permitted under this Section 6.04 so long as it is permitted by any clause of Section 6.05 other than Section 6.05(g); and

(e) any Subsidiary (other than the Borrower) may liquidate or dissolve or change in legal form if the Borrower determines in good faith that such liquidation or dissolution or change in legal form is in the best interests of the Borrower and is not materially disadvantageous to the Lenders (it being understood that in the case of any change in legal form, a Subsidiary that is a Guarantor will remain a Guarantor).

Notwithstanding anything to the contrary herein, the Parent Guarantor and the Borrower will not, and will not permit any Restricted Subsidiary to, sell, lease, convey, assign, transfer or otherwise dispose (including pursuant to an exclusive license) of intellectual property that is material to the operation of the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole, to any Affiliate of the Borrower who is not a Loan Party (including any Unrestricted Subsidiary), other than (in each case, to the extent otherwise permitted pursuant to this Section 6.04) (x) licenses,

sublicenses or cross-licenses of intellectual property in the ordinary course of business and which do not materially interfere with the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole and (y) any such disposition from a Restricted Subsidiary that is not a Loan Party to a Restricted Subsidiary that is not a Loan Party.

SECTION 6.05. Dispositions. Make any Disposition or enter into any agreement to make any Disposition of any assets having a fair market value in excess of $400,000, in a single transaction or a series of related transactions, except:

(a) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired in the ordinary course of business and Dispositions of property no longer used or useful in the conduct of the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries (including, in Borrower's reasonable business judgment, allowing any registrations or any applications for registration of any IP Rights to lapse or go abandoned);

(b) Dispositions of inventory and goods held for sale in the ordinary course of business;

(c) Dispositions of property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by the Borrower to any Restricted Subsidiary, or by any Restricted Subsidiary to the Borrower or to a Restricted Subsidiary; provided that, if the transferor of such property is the Borrower or a Guarantor, the transferee thereof must either be the Borrower or a Guarantor or such Disposition must otherwise constitute an Investment permitted by Section 6.02;

(e) Dispositions of accounts receivable for purposes of collection;

(f) Dispositions of investment securities and Cash Equivalents in the ordinary course of business;

(g) (A) Dispositions permitted by Section 6.04 (other than Section 6.04(a)(ii)(C), Section 6.04(b) or Section 6.04(d)(ii)(B)); (B) Dispositions that constitute Investments permitted by Section 6.02 (other than Section 6.02(g)); (C) Dispositions that constitute Restricted Payments permitted by Section 6.06 (other than Section 6.06(o))and (D) Dispositions that constitute Liens permitted by Section 6.01 (other than Section 6.01(u));

(h) Dispositions consisting of licenses or sublicenses of IP Rights in the ordinary course of business;

(i) Dispositions of property subject to or resulting from casualty losses and (ii) transfers of condemned property as a result of the exercise of "eminent domain" or other similar policies to the respective Governmental Authority or agency that has condemned the same (whether by deed in lieu of condemnation or otherwise), and transfers of property that have been subject to a casualty to the respective insurer of such real property as part of an insurance settlement;

(j) Dispositions by the Parent Guarantor, the Borrower and the Restricted Subsidiaries of property not otherwise permitted under this Section 6.05; provided that, (i) at the time of such Disposition and after giving effect thereto, no Event of Default shall exist or would result from such Disposition, (ii) the consideration received for such property shall be in an amount at least equal to the fair market value thereof, (iii) no less than 75% of such consideration shall have been paid in cash or Cash Equivalents and (iv) the aggregate fair market value of the assets so Disposed pursuant to this clause (j) shall not exceed 20.0% of Consolidated Total Assets in any Fiscal Year; provided that, for the purposes of clause (iii), the following shall be deemed to be cash: (A) any liabilities (as shown on the Parent Guarantor's, the Borrower's or the applicable Restricted Subsidiary's most recent balance sheet provided hereunder or in the footnotes thereto) of the Parent Guarantor, the Borrower or such Restricted Subsidiary (other than liabilities that are by their terms subordinated to the Obligations) that are assumed by the transferee with respect to the applicable Disposition and for which the Parent Guarantor, the Borrower and all Restricted Subsidiaries shall have been validly released by all applicable creditors in writing, (B) any securities received by the Parent Guarantor, the Borrower or the applicable Restricted Subsidiary from such transferee that are converted by the Parent Guarantor, the Borrower or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) within 180 days following the closing of the applicable Disposition, and (C) the aggregate Designated Non-Cash Consideration received by the Parent Guarantor, the Borrower or such Restricted Subsidiary having an aggregate fair market value (determined as of the closing of the applicable Disposition for which such Designated Non-Cash Consideration is received) not to exceed the greater of $4,000,000 and 10% of Consolidated EBITDA for the most recently ended Measurement Period (determined at the time of such Disposition) (net of any such Designated Non-Cash Consideration converted into Cash Equivalents); provided further, that, notwithstanding the foregoing, no Disposition may be made pursuant to this clause (j) during the Covenant Relief Period in excess of $1,000,000 in the aggregate;

(k) Dispositions by the Parent Guarantor, the Borrower and the Restricted Subsidiaries of property acquired after the Funding Date in connection with a Permitted Acquisition; provided that, (i) the Borrower disposes of any such assets within 270 days following the closing of such Permitted Acquisition and (ii) the fair market value of the assets to be divested in connection with any Permitted Acquisition does not exceed an amount equal to 35% of the total cash and non-cash consideration for such Permitted Acquisition; provided further, that, notwithstanding the foregoing, no Disposition may be made pursuant to this clause (k) during the Covenant Relief Period;

(l) leases, licenses, easements, subleases, sublicenses or other similar agreements with respect to real or personal property granted to others in the ordinary course of business which do not interfere in any material respect with the business of the Parent Guarantor, the Borrower or any Restricted Subsidiary;

(m) the issuance of (x) Qualified Equity Interests by a Restricted Subsidiary (other than the Borrower) to the Parent Guarantor or to another Restricted Subsidiary (and each other equity holder on a no greater than pro rata basis) and (y) Qualified Equity Interests by the Borrower to the Parent Guarantor;

(n) Dispositions of Investments in joint ventures to the extent required by, or made pursuant to, buy/sell arrangements between the joint venture parties set forth in the joint venture agreement or similar binding agreements entered into with respect to such Investment in such joint venture;

(o) Repurchases of Equity Interests deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Equity Interests represent (i) a portion of the exercise price thereof or (ii) withholding incurred in connection with such exercise;

(p) Dispositions made in connection with the Transactions pursuant to the terms of the applicable Funding Date Acquisition Agreement.

Notwithstanding anything to the contrary herein, the Parent Guarantor and the Borrower will not, and will not permit any Restricted Subsidiary to, sell, lease, convey, assign, transfer or otherwise dispose (including pursuant to an exclusive license) of intellectual property that is material to the operation of the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole , to any Affiliate of the Borrower who is not a Loan Party (including any Unrestricted Subsidiary), other than (in each case, to the extent otherwise permitted pursuant to this Section 6.05) (x) licenses, sublicenses or cross-licenses of intellectual property in the ordinary course of business and which do not materially interfere with the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole and (y) any such disposition from a Restricted Subsidiary that is not a Loan Party to a Restricted Subsidiary that is not a Loan Party.

SECTION 6.06. Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) each Restricted Subsidiary may make Restricted Payments to the Borrower, the Parent Guarantor and any other Person (including any other Restricted Subsidiary) that owns an Equity Interest in such Restricted Subsidiary ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) the Parent Guarantor and each Restricted Subsidiary may declare and make dividend payments or other distributions payable solely in Qualified Equity Interests of such Person, in the case of a Restricted Subsidiary, ratably to each Person that owns an Equity Interest in such Restricted Subsidiary of the class of Equity Interest in respect of which the Restricted Payment is being made;

(c) the Parent Guarantor and each Restricted Subsidiary may purchase, redeem or otherwise acquire Equity Interests issued by it (in the case of a Restricted Subsidiary, ratably from each Person that owns the class of Equity Interest being repurchased, redeemed or acquired) with the proceeds received from the substantially concurrent issue (in the case of a Restricted Subsidiary, ratably to each Person that owns an Equity Interest in such Restricted Subsidiary) of new shares of its Qualified Equity Interests;

(d) the Parent Guarantor, the Borrower and each Restricted Subsidiary may make Restricted Payments pursuant to and in accordance with their stock option, stock purchase and other benefit plans of general application to management, directors or other employees of the Parent Guarantor (or any direct or indirect parent thereof), the Borrower and the Restricted Subsidiaries, as adopted or implemented in the ordinary course of business; provided that, notwithstanding the foregoing, no Restricted Payment may be made pursuant to this clause (d) during the Covenant Relief Period in excess of $3,000,000;

(e) so long as no Default shall have occurred and be continuing at the time of any action described in this clause (e) or would result therefrom, the Parent Guarantor may (i) declare and

make cash dividends to its equity holders in respect of Qualified Equity Interests and (ii) purchase, redeem or otherwise acquire for cash Qualified Equity Interests issued by it in an aggregate amount with respect to clauses (i) and (ii) collectively from and after the Effective Date not to exceed the sum of (1) the greater of $10,000,000 and 25% of Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (x) prior to the Funding Date, Section 4.01(d)(i) and (y) on and after the Funding Date, Section 4.01(d)(i) and (ii) plus (2) on and after the Funding Date, so long as the pro forma Total Leverage Ratio is less than 3.75:1.00, an amount not to exceed the Available Amount at the time of the making of such dividend, purchase, redemption or acquisition plus (3) any Net Equity Proceeds; provided that, in the case of each of clauses (i) and (ii) above, the Borrower is in pro forma compliance with the financial covenants set forth in Section 6.11; provided further, that, notwithstanding the foregoing, no Restricted Payment may be made pursuant to this clause (e) during the Covenant Relief Period;

(f) on and after the Funding Date, so long as no Default shall have occurred and be continuing at the time of any action described in this clause (f) or would result therefrom, the Parent Guarantor may declare and make cash dividends to its equity holders in respect of Disqualified Equity Interests in an amount not to exceed the Available Amount at the time of the making of such dividend plus any Net Equity Proceeds, in each case, if the pro forma Total Leverage Ratio would be less than the Total Leverage Ratio as of the Funding Date; provided that, notwithstanding the foregoing, no Restricted Payment may be made pursuant to this clause (f) during the Covenant Relief Period;

(g) Investments pursuant to Section 6.02(c) shall be permitted;

(h) non-cash repurchases of Equity Interests of the Parent Guarantor (or any direct or indirect parent thereof) deemed to occur (i) upon the non-cash exercise of stock options and warrants or similar equity incentive awards, and (ii) in connection with the withholding of a portion of the Equity Interests granted or awarded to a director or an employee to pay for the taxes payable by such director or employee upon such grant or award shall be permitted;

(i) the Parent Guarantor, the Borrower or any Restricted Subsidiary may (i) pay cash in lieu of fractional shares in connection with any dividend, split or combination thereof or any Permitted Acquisition and (ii) honor any conversion request by a holder of convertible Indebtedness and make cash payments in lieu of fractional shares in connection with any such conversion; provided that, notwithstanding the foregoing, no Restricted Payment may be made pursuant to this Section 6.06(i) during the Covenant Relief Period in excess of $1,000,000;

(j) the payment of dividends and distributions within forty five (45) days after the date of declaration thereof, if at the date of declaration of such payment, such payment would have complied with the other provisions of this Section 6.06 shall be permitted; provided that, notwithstanding the foregoing, no Restricted Payment may be made pursuant to this clause (j) during the Covenant Relief Period;

(k) the purchase, redemption, acquisition, cancellation or other retirement for a nominal value per right of any rights granted to all holders of common stock of the Parent Guarantor, the Borrower or any Restricted Subsidiary pursuant to any shareholders' rights plan adopted for the purpose of protecting shareholders from unfair takeover tactics shall be permitted; provided that, any such

purchase, redemption, acquisition, cancellation or other retirement of such rights is not for the purpose of evading the limitations of this covenant (all as determined in good faith by a Responsible Officer that is a senior financial officer of the Borrower);

(l) unlimited Restricted Payments shall be permitted so long as (i) no Default shall exist before or after giving effect to such Restricted Payment and (ii) the pro forma Total Leverage Ratio would be less than 2.50:1.00; provided that, notwithstanding the foregoing, no Restricted Payment may be made pursuant to this clause (l) during the Covenant Relief Period;

(m) the Transactions;

(n) the Parent Guarantor, the Borrower and the Restricted Subsidiaries may make distributions to any direct or indirect parent thereof the proceeds of which shall be used (i) to make Permitted Tax Distributions or (ii) to pay such parent's operating costs and expenses incurred in the ordinary course of business and other corporate overhead costs and expenses (including administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the ordinary course of business and attributable to the ownership or operations of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, expenses in connection with the Transactions, and any reasonable and indemnification claims made by directors or officers of such parent attributable to the ownership or operations of the Parent Guarantor, the Borrower and the Restricted Subsidiaries; and

(o) to the extent constituting Restricted Payments, the Parent Guarantor, the Borrower and the Restricted Subsidiaries may enter into transactions expressly permitted by Section 6.04 and Section 6.05 (other than pursuant to the lead-in to Section 6.05, or pursuant to Section 6.05(f), (g) or (k)).

Notwithstanding anything to the contrary herein, the Parent Guarantor and the Borrower will not, and will not permit any Restricted Subsidiary to, sell, lease, convey, assign, transfer or otherwise dispose (including pursuant to an exclusive license) of intellectual property that is material to the operation of the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole, to any Affiliate of the Borrower who is not a Loan Party (including any Unrestricted Subsidiary), other than (in each case, to the extent otherwise permitted pursuant to this Section 6.06) (x) licenses, sublicenses or cross-licenses of intellectual property in the ordinary course of business and which do not materially interfere with the business of the Parent Guarantor, the Borrower and the Restricted Subsidiaries, taken as a whole and (y) any such disposition from a Restricted Subsidiary that is not a Loan Party to a Restricted Subsidiary that is not a Loan Party.

SECTION 6.07. Change in Nature of Business. Engage in any material line of business substantially different from the Permitted Business.

SECTION 6.08. Transactions with Affiliates. Enter into any transaction of any kind with any Affiliate of the Borrower involving aggregate payments or consideration in excess of $400,000 for any individual transaction or series of related transactions, whether or not in the ordinary course of business, other than on fair and reasonable terms not materially less favorable to the Parent Guarantor, the Borrower or such Restricted Subsidiary than would be obtainable by the Parent Guarantor, the Borrower or such Restricted Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate, provided that, the foregoing restriction shall not apply to:

(a) transactions among the Parent Guarantor, the Borrower and the Restricted Subsidiaries or any entity that becomes a Restricted Subsidiary as a result of such transactions;

(b) the payment of reasonable fees, expenses and compensation (including equity compensation) to and insurance provided on behalf of current, former and future officers and directors of the Parent Guarantor (or any direct or indirect parent thereof), the Borrower or any Restricted Subsidiary and indemnification agreements entered into by the Parent Guarantor (or any direct or indirect parent thereof), the Borrower or any Restricted Subsidiary;

(c) employment and severance arrangements between the Parent Guarantor (or any direct or indirect parent thereof), the Borrower and the Restricted Subsidiaries and their respective current, former and future officers and employees and transactions pursuant to stock option plans and other employee benefit plans and arrangements in the ordinary course of business;

(d) transactions pursuant to agreements in existence on the Funding Date and set forth on Schedule 6.08 or any amendment thereto to the extent such an amendment is not adverse to the Lenders in any material respect;

(e) Restricted Payments made pursuant to Section 6.06;

(f) [reserved];

(g) the pledge of Equity Interests of Unrestricted Subsidiaries;

(h) the Transactions and the payment of fees and expenses (including the Transaction Expenses) as part of or in connection with the Transactions;

(i) the payment of customary fees and reasonable out of pocket costs to, and indemnities provided on behalf of, directors, officers, employees and consultants of the Parent Guarantor, the Borrower and the Restricted Subsidiaries (or any direct or indirect parent of the Parent Guarantor) in the ordinary course of business to the extent attributable to the ownership or operation of the Parent Guarantor, the Borrower and the Restricted Subsidiaries;

(j) transactions with customers, clients, joint venture partners, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement which are fair to the Parent Guarantor, the Borrower and the Restricted Subsidiaries, in the reasonable determination of the senior management of the Borrower;

(k) payments to or from, and transactions with, joint ventures (to the extent any such joint venture is only an Affiliate as a result of Investments by the Parent Guarantor, the Borrower and the Restricted Subsidiaries in such joint venture) to the extent otherwise constituting an Investment permitted under Section 6.02 or Restricted Payment permitted under Section 6.06; and

(l) any other transaction with an Affiliate, which is approved by a majority of disinterested members of the board of directors (or equivalent governing body) of the Parent Guarantor, the Borrower or the applicable Restricted Subsidiary in good faith.

SECTION 6.09. Restrictive Agreements. Enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that limits the ability (i) of any Restricted Subsidiary to make Restricted Payments to the Borrower or any Guarantor or to otherwise transfer property to the Borrower or any Guarantor, (ii) of the Parent Guarantor or any Restricted Subsidiary to Guarantee the Indebtedness of the Borrower hereunder or (iii) of the Parent Guarantor, the Borrower or any Restricted Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person to secure the Obligations; provided that, clauses (i) and (iii) shall not prohibit any negative pledge or similar provision, or restriction on transfer of property, incurred or provided in favor of any holder of Indebtedness permitted under Section 6.03(e) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness or any other property securing any other Indebtedness permitted under Section 6.03(e). Notwithstanding the foregoing, this Section 6.09 will not restrict or prohibit:

(A) to the extent constituting a limitation described in Section 6.09(i), restrictions imposed pursuant to an agreement that has been entered into in connection with a transaction permitted pursuant to Section 6.05 with respect to the property that is subject to that transaction;

(B) (x) restrictions imposed by any agreement relating to Indebtedness permitted pursuant to Section 6.03 (to the extent such restriction is customary in agreements governing Indebtedness of such type and is no more restrictive, taken as a whole, to the Parent Guarantor, the Borrower and the Restricted Subsidiaries than the covenants contained in this Agreement) and (y) customary restrictions and conditions contained in the document relating to any consensual Lien, so long as (i) such Lien is permitted by Section 6.01 and such restrictions or conditions relate only to the specific asset(s) subject to such Lien and (ii) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 6.09;

(C) provisions restricting subletting, transfer or assignment of Contractual Obligations (including the granting of any Lien);

(D) [reserved];

(E) to the extent constituting a limitation described in Section 6.09(i), provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into by the Parent Guarantor, the Borrower and the Restricted Subsidiaries in the ordinary course of business;

(F) to the extent constituting a limitation described in Section 6.09(i), restrictions on cash or other deposits or net worth imposed by customers on the Parent Guarantor, the Borrower and the Restricted Subsidiaries under contracts entered into in the ordinary course of business;

(G) to the extent constituting a limitation described in Section 6.09(i), encumbrances or restrictions arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Parent Guarantor, the

Borrower or any Restricted Subsidiary in any manner material to the Parent Guarantor, the Borrower or any Restricted Subsidiary;

(H) to the extent constituting a limitation described in Section 6.09(i), encumbrances or restrictions existing under, by reason of or with respect to customary provisions contained in leases or non-exclusive licenses of IP Rights and other agreements, in each case, entered into by the Parent Guarantor, the Borrower or any Restricted Subsidiary in the ordinary course of business; or

(I) restrictions and conditions were binding on a Restricted Subsidiary (other than the Targets and their Restricted Subsidiaries as of the Funding Date) or its assets at the time such Restricted Subsidiary first becomes a Restricted Subsidiary or such assets were first acquired by such Restricted Subsidiary, so long as such Contractual Obligations were not entered into in contemplation of such Person becoming a Restricted Subsidiary or assets being acquired;

(J) provisions in agreements or instruments which prohibit the payment of dividends or the making of other distributions with respect to any class of Equity Interests of a Person other than on a pro rata basis; and

(K) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness or the Persons obligated thereon.

SECTION 6.10. Use of Proceeds. Request any Credit Event, use, or allow any Restricted Subsidiary to use, the proceeds of any Credit Event, directly or, to the knowledge of the Parent Guarantor or the Borrower, indirectly (a) in furtherance of an offer, payment, promise to pay or authorization of the payment or giving of money, or anything else of value to any Person in violation of Anti-Corruption Laws, (b) for the purpose of funding, financing or facilitating any activities, business or transaction of, or with, any Sanctioned Person or in any Sanctioned Country or in any other manner that would result in a violation of Sanctions by any Person that is a party to this Agreement, or (c) to purchase or carry margin stock (within the meaning of Regulation U) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

SECTION 6.11. Financial Covenants.

(a) Maximum Total Leverage Ratio.

(i) During the Covenant Relief Period, ~~(i)~~ permit with respect to any Measurement Period ending on or after ~~September 30~~December 31, 2023 and on or prior to ~~March~~ December 31, 2024, the Total ~~Annualized~~ Leverage Ratio as of the last day of any Measurement Period to be greater than the amount set forth in the table below ~~and (ii) with respect to any Measurement Period ending on June 30, 2024 or September 30, 2024, the Total Leverage Ratio as of the last day of such Measurement Period to be greater than the amount set forth in the table below~~:

Measurement Period ending	~~Total Annualized Leverage Ratio/~~Total Leverage Ratio

~~September 30,~~December 31, 2023	~~5.75~~8.00 to 1.00
~~December~~ March 31, 2024	~~4.50~~8.00 to 1.00
~~March 31~~ June 30, 2024	~~4.50~~7.00 to 1.00
~~June~~ September 30, 2024	~~4.25~~5.50 to 1.00
~~Septebmer 30~~ December 31, 2024	~~3.75~~4.00 to 1.00

(ii) Upon and after the termination of the Covenant Relief Period, permit the Total Leverage Ratio as of the last day of any Measurement Period to be greater than (~~i) with respect to the Measurement Period ending on or after September 30, 2023, 4.25 to 1.00, (ii) with respect to any Measurement Period ending on December 31, 2023, 4.00 to 1.00, (iii~~x) with respect to any Measurement Period ending March 31, 2024, June 30, 202~~4 or~~, September 30, 2024~~,~~ or December 31, 2024 3.75 to 1.00 (for the avoidance of doubt~~, in the case of each of clauses (i), (ii) and (iii) above~~, solely in the event the Borrower has delivered a Financial Covenant Election and the Covenant Relief Period has ended) and (~~iv~~y) with respect to any Measurement Period ending on or after ~~December~~March 31, ~~2024~~2025, 3.75 to 1.00 (the "Maximum Total Leverage Ratio"):

Notwithstanding the foregoing, (i) at the election of the Borrower (the notice of which election shall be given to the Administrative Agent within thirty (30) days after consummating the relevant Qualified Acquisition), the Maximum Total Leverage Ratio set forth above shall be increased by 0.50 to 1.00 in connection with a Qualified Acquisition for two consecutive fiscal quarters (and no other fiscal quarters), starting with the fiscal quarter in which such Qualified Acquisition is consummated (a "Qualified Acquisition Election") and (ii) the Borrower may make a Qualified Acquisition Election no more than once during the life of this Agreement.

(b) Minimum Interest Coverage Ratio.

(i) During the Covenant Relief Period, permit ~~(i)~~ with respect to any Measurement Period ending on or after ~~September 30~~December 31, 2023 and on or prior to ~~March~~December 31, 2024, the ~~Annualized~~ Interest Coverage Ratio as of the last day of any Measurement Period to be less than the amount set forth in the table below ~~and (ii) with respect to any Measurement Period ending on June 30, 2024 or September 30, 2024, the Interest Coverage Ratio as of the last day of such Measurement Period to be less than the amount set forth in the table below~~:

Measurement Period ending	~~Annualized~~ Interest Coverage ~~Ratio/Interest Coverage~~ Ratio
~~September 30,~~December 31, 2023	~~1.75~~1.25 to 1.00
~~December~~March 31, ~~2023~~2024	~~2.25~~1.30 to 1.00
~~March 31~~June 30, 2024	~~2.25~~1.35 to 1.00

~~June~~September 30, 2024	~~2.50~~2.00 to 1.00
~~September 30,~~December 31, 2024	~~2.75~~2.50 to 1.00

(ii) Upon and after the termination of the Covenant Relief Period, permit the Interest Coverage Ratio as of the last day of any Measurement Period to be less than 3.00 to 1.00.

(c) Minimum Liquidity. During the Covenant Relief Period, permit Liquidity to be less than $~~15,000,000~~10,000,000 for any period of three (3) consecutive Business Days (the "Minimum Liquidity Covenant").

SECTION 6.12. Amendments to Organization Documents. Amend any of its Organization Documents in a manner materially adverse to the Lenders (in their capacities as such); provided that, any amendment of any such Organization Documents substantially in a form reasonably acceptable to the Administrative Agent and delivered to the Administrative Agent prior to the Effective Date shall not be deemed to be materially adverse to the Lenders.

SECTION 6.13. Fiscal Year. Make any change in its (a) accounting policies or financial reporting practices, except as required by GAAP, or (b) Fiscal Year; provided that, the Parent Guarantor may, upon written notice to the Administrative Agent, change the Fiscal Year to any other fiscal year reasonably acceptable to the Administrative Agent, in which case, the Parent Guarantor, the Borrower and the Administrative Agent will, and are hereby authorized by the Lenders to, make any amendments and/or adjustments to this Agreement that are necessary to reflect such change in fiscal year.

SECTION 6.14. Prepayments of Indebtedness. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Indebtedness that is (x) subordinated in right of payment to the Obligations expressly by its terms, (y) unsecured or (z) secured on a junior lien basis to any Liens securing the Obligations (collectively, the "Junior Indebtedness"), except, in each case, so long as no Event of Default has occurred and is continuing or would be caused thereby, for (a) the Refinancing thereof with the proceeds of any Permitted Refinancing Indebtedness permitted by Section 6.03, (b) the prepayment of Indebtedness of the Parent Guarantor, the Borrower or any Restricted Subsidiary owed to the Parent Guarantor, the Borrower or any Restricted Subsidiary to the extent not prohibited by the subordination provisions applicable thereto; provided that, notwithstanding the foregoing, no such prepayment may be made pursuant to this clause (b) during the Covenant Relief Period (except in the case of intercompany Junior Indebtedness), (c) prepayments, redemptions, purchases or other payments made to satisfy Junior Indebtedness (not in violation of any subordination terms in respect thereof) in an amount not to exceed the sum of (1) the greater of $10,000,000 and 25% of Consolidated EBITDA of the Parent Guarantor, the Borrower and the Restricted Subsidiaries based on the most recent financial statements delivered under Section 5.01(a) or (b) or, prior to the time any such statements are first required to be so delivered pursuant to Section 5.01(a) or (b), the financial statements delivered pursuant to (x) prior to the Funding Date, Section 4.01(d)(i) and (y) on and after the Funding Date, Section 4.01(d)(i) and (ii) plus (2) on and after the Funding Date, so long as the pro forma Total Leverage Ratio would be less than the Total Leverage Ratio as of the Funding Date, an amount not to exceed the Available Amount at the time of the making of such prepayment, redemption, repurchase or other payment plus (3) any Net Equity Proceeds; provided that, notwithstanding the foregoing, no such prepayment, redemption, purchase or other

payment may be made pursuant to this clause (c) during the Covenant Relief Period, (d) unlimited prepayments, redemptions, purchases or other payments made to satisfy Junior Indebtedness (not in violation of any subordination terms in respect thereof) shall be permitted so long as the pro forma Total Leverage Ratio would be less than 2.50:1.00; provided that, notwithstanding the foregoing, no such prepayment, redemption, purchase or other payment may be made pursuant to this clause (d) during the Covenant Relief Period, (e) payments of regularly scheduled interest and fees due under any document, agreement or instrument evidencing any Junior Indebtedness or entered into in connection with any Junior Indebtedness, other non-principal payments thereunder, any mandatory prepayments of principal, interest and fees thereunder, scheduled payments thereon necessary to avoid the Junior Indebtedness from constituting "applicable high yield discount obligations" within the meaning of Section 163(i)(1) of the Code and principal on the scheduled maturity date of any Junior Indebtedness (or within ninety (90) days thereof), in each case to the extent not expressly prohibited by the subordination provisions applicable thereto, if any, and (f) the conversion or exchange of any Junior Indebtedness to Equity Interests (other than Disqualified Equity Interests) of the Parent Guarantor or any of its direct or indirect parents.

SECTION 6.15. Sale and Leaseback Transactions. Enter into any Sale and Leaseback Transaction in which any Loan Party is the seller or the lessee unless the disposition of assets is permitted under Section 6.05 and the incurrence of indebtedness is permitted by Section 6.03.

SECTION 6.16. Amendments to Indebtedness. Amend, modify, or change in any manner any term or condition of any Junior Indebtedness, in each case, in a manner materially adverse to the Lenders.

ARTICLE VII

Events of Default

SECTION 7.01. Events of Default. Each of the following shall constitute an Event of Default (each, an "Event of Default"):

(a) Non-Payment. The Parent Guarantor, the Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any LC Obligation, or (ii) within five (5) Business Days after the same becomes due, any interest on any Loan or on any LC Obligation, or any fee due hereunder, or (iii) within five (5) Business Days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. (i) The Parent Guarantor or the Borrower fails to perform or observe any term, covenant or agreement contained in any of Sections 5.03(a), 5.04 (with respect to the Borrower's existence), 5.10, 5.11, 5.13 or Article 6; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after the Administrative Agent provides written notice to the Borrower of such failure; or

(d) Representation and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Parent Guarantor, the Borrower or any

other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect in any material respect when made or deemed made; or

(e) Cross-Default. (i) The Parent Guarantor, the Borrower or any Restricted Subsidiary (other than an Immaterial Subsidiary) (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness under the Loan Documents and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount (provided that, this clause (A) shall not apply to any breach or default that is (I) remedied by the Parent Guarantor, the Borrower or the applicable Restricted Subsidiary or (II) waived (including in the form of amendment) by the required holders of the applicable Indebtedness, in each case of clauses (I) and (II), prior to the acceleration of the Loans pursuant to Section 7.02) or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, in each case after any applicable grace, cure or notice period, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded (provided that, this clause (B) shall not apply to secured Indebtedness that becomes due as a result of the sale, transfer or other disposition (including as a result of a casualty or condemnation event) of the property or assets securing such Indebtedness (to the extent such sale, transfer or other disposition is not prohibited under this Agreement); provided, further, that this clause (B) shall not apply to any breach or default that is (I) remedied by the Parent Guarantor, the Borrower or the applicable Restricted Subsidiary or (II) waived (including in the form of amendment) by the required holders of the applicable Indebtedness, in each case of clauses (I) and (II), prior to the acceleration of the Loans pursuant to Section 7.02) or (ii) there occurs under any Swap Contract an Early Termination Date (as defined, or as such comparable term may be used and defined, in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Parent Guarantor, the Borrower or any Restricted Subsidiary is the Defaulting Party (as defined, or as such comparable term may be used and defined, in such Swap Contract) or (B) any Termination Event (as defined, or as such comparable term may be used and defined, in such Swap Contract) under such Swap Contract as to which the Parent Guarantor, the Borrower or any Restricted Subsidiary is an Affected Party (as defined, or as such comparable term may be used and defined, in such Swap Contract) and, in either event, the Swap Termination Value owed by the Parent Guarantor, the Borrower or such Restricted Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any Restricted Subsidiary (other than an Immaterial Subsidiary) institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) days; or any proceeding under any Debtor

Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment; Strike-Off. (i) The Parent Guarantor, the Borrower or any Restricted Subsidiary (other than an Immaterial Subsidiary) becomes unable or admits in writing its inability or fails generally to pay its debts as they become due (including, in respect of the Parent Guarantor and any such Restricted Subsidiary incorporated under the laws of the Cayman Islands, if it is or becomes unable to pay its debts within the meaning of Section 93 of the Companies Act (as amended) of the Cayman Islands), (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of the Parent Guarantor, the Borrower or any Restricted Subsidiary (other than an Immaterial Subsidiary) and is not released, vacated or fully bonded within sixty (60) days after its issue or levy or (iii) in respect of any of the Parent Guarantor or any Restricted Subsidiary incorporated under the laws of the Cayman Islands, action is being or is taken by the Registrar of Companies of the Cayman Islands or any other person to dissolve such Restricted Subsidiary or to strike such Restricted Subsidiary off the Cayman Islands register of companies; or

(h) Judgments. There is entered against the Parent Guarantor, the Borrower or any Restricted Subsidiary (other than an Immaterial Subsidiary) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) and (i) enforcement proceedings are commenced by any creditor upon such judgment or order, or (ii) there is a period of sixty (60) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs that alone or together with any other ERISA Events that have occurred would reasonably be expected to result in a Material Adverse Effect, or (ii) the Parent Guarantor, the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount that could reasonably be expected to have a Material Adverse Effect; or

(j) Invalidity of Loan Documents. Any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder including the release or termination thereof by the Required Lenders or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party contests in any manner the validity or enforceability of any material provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any material provision of any Loan Document; or

(k) Change of Control. There occurs any Change of Control; or

(l) Collateral Documents. (i) Any Collateral Document after delivery thereof pursuant to Article 4 or Section 5.11 shall for any reason (other than pursuant to the terms hereof) cease to create a valid and perfected first priority Lien (subject to Permitted Prior Liens and any exceptions on the Mortgage Policies issued in connection with the Mortgaged Properties reasonably acceptable to the Administrative Agent) on the Collateral purported to be covered thereby, subject to Liens permitted under Section 6.01 (except to the extent that any such perfection or priority results from (A) the Administrative

Agent no longer having possession of certificates actually delivered to it representing securities or negotiable instruments pledged under the Collateral Documents or (B) the UCC filing having lapsed because a UCC continuation statement was not filed in a timely manner) or (ii) subject to the Agreed Security Principles, any Lien created or purported to be created by the Collateral Documents shall cease to have the lien priority established or purported to be established by any applicable intercreditor agreement (other than in accordance with its terms).

SECTION 7.02. Remedies Upon an Event of Default. If an Event of Default occurs (other than an event with respect to the Borrower described in Section 7.01(f)), and at any time thereafter during the continuance of such Event of Default, the Administrative Agent may with the consent of the Required Lenders, and shall at the request of the Required Lenders, by notice to the Borrower, take any or all of the following actions, at the same or different times:

(a) terminate the Commitments, and thereupon the Commitments shall terminate immediately;

(b) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under any other Loan Document, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the other Loan Parties;

(c) require that the Borrower provide cash collateral as required in Section 2.06(j); and

(d) exercise on behalf of itself, the Lenders and the Issuing Banks all rights and remedies available to it, the Lenders and the Issuing Banks under the Loan Documents and applicable law.

If an Event of Default described in Section 7.01(f) occurs with respect to the Borrower, the Commitments shall automatically terminate and the principal of the Loans then outstanding and cash collateral for the LC Exposure, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under any other Loan Document, shall automatically become due and payable, and the obligation of the Borrower to cash collateralize the LC Exposure as provided in clause (c) above shall automatically become effective, in each case, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the Parent Guarantor.

In addition to any other rights and remedies granted to the Administrative Agent and the Lenders in the Loan Documents, the Administrative Agent on behalf of the Lenders may exercise all rights and remedies of a secured party under the UCC or any other applicable law. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Loan Party or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived by each of the Parent Guarantor and the Borrower, in each case, on behalf of itself and the Subsidiaries), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, or consent to the use by any Loan Party of any cash collateral arising in respect of the Collateral on such terms as the Administrative Agent deems

reasonable, and/or may forthwith sell, lease, assign give an option or options to purchase or otherwise dispose of and deliver, or acquire by credit bid on behalf of the Secured Parties, the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any Lender or elsewhere, upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery, all without assumption of any credit risk. The Administrative Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Loan Party, which right or equity is hereby waived and released by each of the Parent Guarantor and the Borrower, in each case, on behalf of itself and the Subsidiaries. Each of the Parent Guarantor and the Borrower further agrees on behalf of itself and the Subsidiaries, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at the premises of the Borrower, another Loan Party or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Article VII, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any other way relating to the Collateral or the rights of the Administrative Agent and the Lenders hereunder, including reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including Section 9-615(a)(3) of the New York Uniform Commercial Code, need the Administrative Agent account for the surplus, if any, to any Loan Party. To the extent permitted by applicable law, each of the Parent Guarantor and the Borrower, in each case, on behalf of itself and the Subsidiaries waives all Liabilities it may acquire against the Administrative Agent or any Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition.

SECTION 7.03. Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Administrative Agent by the Borrower or the Required Lenders:

(a) all payments received on account of the Obligations shall, subject to Section 2.21, be applied by the Administrative Agent as follows:

(i) first, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts payable to the Administrative Agent (including fees and disbursements and other charges of counsel to the Administrative Agent payable under Section 9.03 and amounts pursuant to Section 2.12(c) payable to the Administrative Agent in its capacity as such);

(ii) second, to payment of that portion of the Obligations constituting fees, expenses, indemnities and other amounts (other than principal, reimbursement obligations in respect of LC Disbursements, interest and Letter of Credit fees) payable to the Lenders, the Issuing Banks and the other Secured Parties (including fees and disbursements and other charges of counsel to the Lenders and the Issuing Banks payable under Section 9.03) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this clause (ii) payable to them;

(iii) third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit fees and charges and interest on the Loans and unreimbursed LC Disbursements, ratably among the Lenders and the Issuing Banks in proportion to the respective amounts described in this clause (iii) payable to them;

(iv) fourth, (A) to payment of that portion of the Obligations constituting unpaid principal of the Loans and unreimbursed LC Disbursements, (B) to cash collateralize that portion of LC Exposure comprising the undrawn amount of Letters of Credit to the extent not otherwise cash collateralized by the Borrower pursuant to Section 2.06 or 2.21; provided that, (x) any such amounts applied pursuant to subclause (B) above shall be paid to the Administrative Agent for the account of the Issuing Banks to cash collateralize Obligations in respect of Letters of Credit, (y) subject to Section 2.06 or 2.21, amounts used to cash collateralize the aggregate amount of Letters of Credit pursuant to this clause (iv) shall be used to satisfy drawings under such Letters of Credit as they occur and (z) upon the expiration of any Letter of Credit (without any pending drawings), the pro rata share of cash collateral shall be distributed to the other Obligations, if any, in the order set forth in this Section 7.03 and (C) to any other amounts owing with respect to Secured Cash Management Obligations and Secured Hedging Obligations, in each case, ratably among the Lenders and the Issuing Banks and any other applicable Secured Parties in proportion to the respective amounts described in this clause (iv) payable to them;

(v) fifth, to the payment in full of all other Obligations, in each case ratably among the Administrative Agent, the Lenders, the Issuing Banks and the other Secured Parties based upon the respective aggregate amounts of all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(vi) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by law; and

(b) if any amount remains on deposit as cash collateral after all Letters of Credit have either been fully drawn or expired (without any pending drawings), such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE VIII

The Administrative Agent

SECTION 8.01. Authorization and Action.

(a) Each Lender and each Issuing Bank hereby irrevocably appoints the entity named as Administrative Agent in the heading of this Agreement and its successors and assigns to serve as the administrative agent and collateral agent under the Loan Documents and each Lender and each Issuing Bank authorizes the Administrative Agent to take such actions as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Administrative Agent under such agreements and to exercise such powers as are reasonably incidental thereto. Further, each of the Lenders and the Issuing Banks, on behalf of itself and any of its Affiliates that are Secured Parties, hereby irrevocably empower and authorize JPMorgan Chase Bank, N.A. (in its capacity as Administrative Agent) to execute and deliver the Collateral Documents and the Guarantee Agreement and all related documents or instruments as shall be necessary or appropriate to effect the purposes of the Collateral

Documents and the Guarantee Agreement. In addition, to the extent required under the laws of any jurisdiction other than within the United States, each Lender and each Issuing Bank hereby grants to the Administrative Agent any required powers of attorney to execute and enforce any Collateral Document governed by the laws of such jurisdiction on such Lender's or such Issuing Bank's behalf. Without limiting the foregoing, each Lender and each Issuing Bank hereby authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Loan Documents to which the Administrative Agent is a party, and to exercise all rights, powers and remedies that the Administrative Agent may have under such Loan Documents.

(b) As to any matters not expressly provided for herein and in the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, pursuant to the terms in the Loan Documents), and, unless and until revoked in writing, such instructions shall be binding upon each Lender and each Issuing Bank; provided that, the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification and is exculpated in a manner satisfactory to it from the Lenders and the Issuing Banks with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; provided further that, the Administrative Agent may seek clarification or direction from the Required Lenders prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Parent Guarantor, the Borrower, any Subsidiary or any Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) In performing its functions and duties hereunder and under the other Loan Documents, the Administrative Agent is acting solely on behalf of the Lenders and the Issuing Banks (except in limited circumstances expressly provided for herein relating to the maintenance of the Register), and its duties are entirely mechanical and administrative in nature. Without limiting the generality of the foregoing:

(i) the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or duty or any other relationship as the agent, fiduciary or trustee of or for any Lender, any Issuing Bank or any other Secured Party other than as expressly set forth herein and in the other Loan Documents, regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term "agent" (or any similar term) herein or in any other Loan Document with reference to the

Administrative Agent is not intended to connote any fiduciary duty or other implied (or express) obligations arising under agency doctrine of any applicable law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties); additionally, each Lender agrees that it will not assert any claim against the Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and/or the transactions contemplated hereby;

(ii) where the Administrative Agent is required or deemed to act as a trustee in respect of any Collateral over which a security interest has been created pursuant to a Loan Document expressed to be governed by the laws of any jurisdiction other than the United States of America, or is required or deemed to hold any Collateral "on trust" pursuant to the foregoing, the obligations and liabilities of the Administrative Agent to the Secured Parties in its capacity as trustee shall be excluded to the fullest extent permitted by applicable law; and

(iii) nothing in this Agreement or any Loan Document shall require the Administrative Agent to account to any Lender for any sum or the profit element of any sum received by the Administrative Agent for its own account.

(d) The Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of their respective duties and exercise their respective rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities pursuant to this Agreement. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

(e) None of the Documentation Agent or any Arrangers shall have obligations or duties whatsoever in such capacity under this Agreement or any other Loan Document and shall incur no liability hereunder or thereunder in such capacity, but all such persons shall have the benefit of the indemnities provided for hereunder.

(f) In case of the pendency of any proceeding with respect to any Loan Party under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Loan or any reimbursement obligation in respect of any LC Disbursement shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Loan Party) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, LC Disbursements and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Banks and the Administrative Agent

(including any claim under Sections 2.12, 2.13, 2.15, 2.17 and 9.03) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender, each Issuing Bank and each other Secured Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, the Issuing Banks or the other Secured Parties, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents (including under Section 9.03). Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or any Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or any Issuing Bank in any such proceeding.

(g) [reserved.]

(h) The provisions of this Article VIII are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Banks, and, except solely to the extent of the Borrower's rights to consent pursuant to and subject to the conditions set forth in this Article VIII, none of the Parent Guarantor, the Borrower or any Subsidiary, or any of their respective Affiliates, shall have any rights as a third party beneficiary under any such provisions. Each Secured Party, whether or not a party hereto, will be deemed, by its acceptance of the benefits of the Collateral and of the Guarantees of the Obligations provided under the Loan Documents, to have agreed to the provisions of this Article VIII.

SECTION 8.02. Administrative Agent's Reliance, Limitation of Liability, Etc.

(a) Neither the Administrative Agent nor any of its Related Parties shall be (i) liable for any action taken or omitted to be taken by such party, the Administrative Agent or any of its Related Parties under or in connection with this Agreement or the other Loan Documents (x) with the consent of or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or (y) in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a final and non-appealable judgment) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (including in connection with the Administrative Agent's reliance on any Electronic Signature transmitted by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page) or for any failure of any Loan Party to perform its obligations hereunder or thereunder.

(b) The Administrative Agent shall be deemed not to have knowledge of any (i) notice of any of the events or circumstances set forth or described in Section 5.03 or 5.17 unless and until

written notice thereof stating that it is a "notice under Section 5.03" or a "notice under Section 5.17", respectively, in respect of this Agreement and identifying the specific clause under said Section is given to the Administrative Agent by the Borrower or (ii) notice of any Default or Event of Default unless and until written notice thereof (stating that it is a "notice of Default" or a "notice of an Event of Default") is given to the Administrative Agent by the Borrower, a Lender or the Issuing Banks. Further, the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default or Event of Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items (which on their face purport to be such items) expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent or (vi) the creation, perfection or priority of Liens on the Collateral or the existence of the Collateral. Notwithstanding anything herein to the contrary, the Administrative Agent shall not be liable for, or be responsible for any Liabilities, costs or expenses suffered by the Parent Guarantor, the Borrower, any Subsidiary, any Lender or any Issuing Bank as a result of, any determination of the Credit Exposure, any of the component amounts thereof or any portion thereof attributable to each Lender or any Issuing Bank or any Dollar amount thereof.

(c) Without limiting the foregoing, the Administrative Agent (i) may treat the payee of any promissory note as its holder until such promissory note has been assigned in accordance with Section 9.04, (ii) may rely on the Register to the extent set forth in Section 9.04(b), (iii) may consult with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender or any Issuing Bank and shall not be responsible to any Lender or the Issuing Banks for any statements, warranties or representations made by or on behalf of any Loan Party in connection with this Agreement or any other Loan Document, (v) in determining compliance with any condition hereunder to the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Bank, may presume that such condition is satisfactory to such Lender or such Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or such Issuing Bank sufficiently in advance of the making of such Loan or the issuance of such Letter of Credit and (vi) shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any notice, consent, certificate or other instrument or writing (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated by the proper party or parties (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

SECTION 8.03. Posting of Communications.

(a) Each of the Parent Guarantor and the Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders and the

Issuing Banks by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system (the "Approved Electronic Platform").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Effective Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders, each of the Issuing Banks, the Parent Guarantor and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure, that the Administrative Agent is not responsible for approving or vetting the representatives or contacts of any Lender that are added to the Approved Electronic Platform, and that there may be confidentiality and other risks associated with such distribution. Each of the Lenders, each of the Issuing Banks, the Parent Guarantor and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) **THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED "AS IS" AND "AS AVAILABLE". THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT, ANY ARRANGERS, THE DOCUMENTATION AGENT OR ANY OF THEIR RESPECTIVE RELATED PARTIES (COLLECTIVELY, "APPLICABLE PARTIES") HAVE ANY LIABILITY TO ANY LOAN PARTY, ANY LENDER, ANY ISSUING BANK OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM.**

(d) Each Lender and each Issuing Bank agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender and each Issuing Bank agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender's or each Issuing Bank's (as applicable) email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(e) Each of the Lenders, each of the Issuing Banks, the Parent Guarantor and the Borrower agrees that the Administrative Agent may, but (except as may be required by applicable law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Administrative Agent, any Lender or any Issuing Bank to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

SECTION 8.04. The Administrative Agent Individually. With respect to its Commitments, Loans, Letter of Credit Commitments and Letters of Credit, the Person serving as the Administrative Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or Issuing Bank, as the case may be. The terms "Issuing Banks", "Lenders", "Required Lenders", "Required Revolving Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity as a Lender, an Issuing Bank or as one of the Required Lenders or Required Revolving Lenders, as applicable. The Person serving as the Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with, the Parent Guarantor, the Borrower, any Subsidiary or any Affiliate of any of the foregoing as if such Person was not acting as the Administrative Agent and without any duty to account therefor to the Lenders or the Issuing Banks.

SECTION 8.05. Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving thirty (30) days' prior written notice thereof to the Lenders, the Issuing Banks and the Borrower, whether or not a successor Administrative Agent has been appointed. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within thirty (30) days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks and in consultation with the Borrower, appoint a successor Administrative Agent, which shall be a bank with an office in New York, New York or an Affiliate of any such bank. In either case, such appointment shall be subject to the prior written approval of the Borrower (which approval may not be unreasonably withheld and shall not be required while an Event of Default has occurred and is continuing). Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent. Upon the acceptance of appointment as Administrative Agent by a successor Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents.

(b) Notwithstanding paragraph (a) of this Section, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within

thirty (30) days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders, the Issuing Banks and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents; provided that, solely for purposes of maintaining any security interest granted to the Administrative Agent under any Collateral Document for the benefit of the Secured Parties, the retiring Administrative Agent shall continue to be vested with such security interest as collateral agent for the benefit of the Secured Parties, and continue to be entitled to the rights set forth in such Collateral Document and Loan Document, and, in the case of any Collateral in the possession of the Administrative Agent, shall continue to hold such Collateral, in each case until such time as a successor Administrative Agent is appointed and accepts such appointment in accordance with this Section (it being understood and agreed that the retiring Administrative Agent shall have no duty or obligation to take any further action under any Collateral Document, including any action required to maintain the perfection of any such security interest) and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; provided that, (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender and each Issuing Bank. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article VIII and Section 9.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent and in respect of the matters referred to in the proviso under clause (i) above. Notwithstanding anything herein to the contrary, any retiring Administrative Agent shall continue to be subject to Section 9.12.

SECTION 8.06. Acknowledgements of Lenders and Issuing Banks.

(a) Each Lender and each Issuing Bank represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility, (ii) it is engaged in making, acquiring or holding commercial loans and in providing other facilities set forth herein as may be applicable to such Lender or Issuing Bank, in each case in the ordinary course of business, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument (and each Lender and each Issuing Bank agrees not to assert a claim in contravention of the foregoing), (iii) it has, independently and without reliance upon the Administrative Agent, any Arrangers, the Documentation Agent or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder and (iv) it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender or such Issuing Bank, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities. Each Lender and each Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arrangers, the Documentation Agent or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of

the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by delivering its signature page to this Agreement on the Effective Date, or delivering its signature page to an Assignment and Assumption or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date.

(c) (i) Each Lender hereby agrees that (x) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Lender (whether or not known to such Lender), and demands the return of such Payment (or a portion thereof), such Lender shall promptly, but in no event later than one (1) Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Lender shall not assert, and hereby waives, as to the Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Payments received, including any defense based on "discharge for value" or any similar doctrine. A notice of the Administrative Agent to any Lender under this Section 8.06(c) shall be conclusive, absent manifest error.

(ii) Each Lender hereby further agrees that if it receives a Payment from the Administrative Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one (1) Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the NYFRB Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(iii) The Borrower and each other Loan Party hereby agrees that (x) in the event an erroneous Payment (or portion thereof) are not recovered from any Lender that has

received such Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations (or any other Obligations) owed by the Borrower or any other Loan Party.

(iv) Each party's obligations under this Section 8.06(c) shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations under any Loan Document.

SECTION 8.07. Collateral Matters.

(a) Except with respect to the exercise of setoff rights in accordance with Section 9.08 or with respect to a Secured Party's right to file a proof of claim in an insolvency proceeding, no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce any Guarantee of the Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Administrative Agent on behalf of the Secured Parties in accordance with the terms thereof. In its capacity, the Administrative Agent is a "representative" of the Secured Parties within the meaning of the term "secured party" as defined in the UCC. In the event that any Collateral is hereafter pledged by any Person as collateral security for the Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Secured Parties any Loan Documents necessary or appropriate to grant and perfect a Lien on such Collateral in favor of the Administrative Agent on behalf of the Secured Parties. The Lenders hereby authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent upon any Collateral (i) as described in Section 9.02(d); (ii) as permitted by, but only in accordance with, the terms of the applicable Loan Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent's authority to release particular types or items of Collateral pursuant hereto. Upon any sale or transfer to any Person that is not a Loan Party of assets constituting Collateral which is permitted pursuant to the terms of any Loan Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five (5) Business Days' prior written request by the Borrower to the Administrative Agent, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Administrative Agent for the benefit of the Secured Parties herein or pursuant hereto upon the Collateral that was sold or transferred; provided that, (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent's reasonable opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of the Loan Parties in respect of) all interests retained by any Loan Party, including the proceeds of the sale, all of which shall continue to constitute part of the Collateral. Any execution and delivery by the Administrative Agent of documents in connection with any such release shall be without recourse to or warranty by the Administrative Agent.

(b) In furtherance of the foregoing and not in limitation thereof, no Secured Cash Management Agreement or Secured Hedge Agreement will create (or be deemed to create) in favor of

any Secured Party that is a party thereto any rights in connection with the management or release of any Collateral or of the obligations of any Loan Party under any Loan Document. By accepting the benefits of the Collateral, each Secured Party that is a party to any such Secured Cash Management Agreement or Secured Hedge Agreement, as applicable, shall be deemed to have appointed the Administrative Agent to serve as administrative agent and collateral agent under the Loan Documents and agreed to be bound by the Loan Documents as a Secured Party thereunder, subject to the limitations set forth in this paragraph.

(c) The Secured Parties irrevocably authorize the Administrative Agent, at its option and in its discretion, to (i) subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Sections 6.01 (c), (d), (e), (f), (g), (h), (j), (m), (n), (p) and (s) and (ii) execute any intercreditor agreements and/or subordination agreements with any holder of any Indebtedness or Liens permitted by this Agreement to the extent such intercreditor agreement and/or subordination agreement is required. The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders or any other Secured Party for any failure to monitor or maintain any portion of the Collateral.

SECTION 8.08. Credit Bidding. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid, (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles, (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that, any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in

Section 9.02 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership interests, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata with their original interest in such Obligations and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

SECTION 8.09. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and the Arrangers and their respective Affiliates, and not to or for the benefit of the Parent Guarantor, the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the

Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and the Arrangers, the Documentation Agent or any of their respective Affiliates, and not to or for the benefit of the Parent Guarantor, the Borrower or any other Loan Party, that none of the Administrative Agent, or the Arrangers, the Documentation Agent or any of their respective Affiliates is a fiduciary with respect to the Collateral or the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

(c) The Administrative Agent and each Arranger and the Documentation Agent hereby informs the Lenders that each such Person is not undertaking to provide investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments, this Agreement and any other Loan Documents, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent fees or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

SECTION 8.10. Certain Foreign Pledge Matters.

(a) Cayman Islands:

(i) In respect of any Loan Party incorporated under the laws of the Cayman Islands as an exempted company, forthwith following execution of the relevant Collateral Documents, each such Loan Party shall:

(x) until the full and final unconditional discharge and release of the security granted or otherwise constituted pursuant to the relevant Collateral Documents (the "Discharge Date"), keep and maintain a register of mortgages and charges (the "Register of Mortgages and Charges"), at

the relevant Loan Party's registered office in the Cayman Islands, in accordance with Section 54 of the Cayman Companies Act (as revised) (the "Cayman Companies Act");

(y) until the Discharge Date, enter into the Register of Mortgages and Charges (and maintain therein) appropriate particulars of the Collateral Documents (which particulars shall include all particulars required to be kept in such Register of Mortgages and Charges pursuant to the provisions of Section 54 of the Cayman Companies Act), such particulars to be in a form and substance being satisfactory to the Administrative Agent; and

(z) provide a copy of the Register of Mortgages and Charges (containing all such particulars as referred to foregoing) to the Administrative Agent (such copy of the Register of Mortgages and Charges being certified, by a director of each relevant Loan Party, as a "true, accurate and complete copy of the original").

(ii) In respect of any Loan Party incorporated under the laws of the Cayman Islands as an exempted company and whose shares are secured by way of any of the Collateral Agreements, forthwith following execution of the relevant Collateral Agreements, each such Loan Party shall:

(x) until the Discharge Date, enter and maintain a notation in such Loan Party's register of members recording appropriate particulars of the security granted or otherwise constituted by the relevant Collateral Agreements; and

(y) provide a copy of the register of members (containing all such particulars as referred to foregoing) to the Administrative Agent (such copy of the register of members being certified, by a director of each relevant Loan Party, as a "true, accurate and complete copy of the original").

(b) Jersey: In respect of any Loan Party incorporated under the laws of Jersey and whose shares are secured by way of any of the Collateral Agreements, forthwith following execution of the relevant collateral Agreement, each Loan Party shall:

(a) until the Discharge Date, enter and maintain a notation in such Loan Party's register of members recording appropriate particulars of the security granted or otherwise constituted by the relevant Jersey Collateral Agreement; and

(b) provide a copy of the register of members (containing all such particulars as referred to foregoing) to the Administrative Agent (such copy of the register of members being certificated, by a director of each relevant Loan Party, as a "true, accurate and complete copy of the original").

SECTION 8.11. Cash Management Agreements and Secured Hedge Agreements.

Except as otherwise expressly set forth herein or in any Loan Document, no Cash Management Bank or Hedge Bank that obtains the benefits of Section 7.03, any Guarantee or any Collateral by virtue of the provisions hereof or of any Guarantee (including the Guarantee Agreement) or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) (or to notice of or consent to any amendment,

waiver or modification of the provisions hereof or of the Guarantee Agreement or any Collateral Document) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article VIII or Section 7.03 to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Cash Management Agreements and Secured Hedge Agreements unless the Administrative Agent has received written notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Cash Management Agreements and Secured Hedge Agreements in the case of a Termination Date. Each Cash Management Bank or Hedge Bank not a party to this Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of this Article VIII for itself and its Affiliates as if a "Lender" party hereto.

Each of the Cash Management Banks and Hedge Banks hereby authorizes the Administrative Agent to enter into the any intercreditor agreement, subordination agreement or other agreement or arrangement permitted under this Agreement, and any amendment, modification, supplement or joinder with respect thereto, and each of the Cash Management Banks and Hedge Banks acknowledges that any such agreement or arrangement is binding upon such Cash Management Bank or Hedge Bank, as applicable.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by e-mail, as follows:

(i) if to the Borrower, to it at c/o Waldencast Acquisition Corp., 10 Bank Street, Suite 560, White Plains, New York 10606, Attention of Michel Brousset (E-mail michel@waldencast.com) and Felipe Dutra (E-mail felipe@waldencast.com);

(ii) if to the Parent Guarantor, to it at c/o Waldencast Acquisition Corp., 10 Bank Street, Suite 560, White Plains, New York 10606, Attention of Michel Brousset (E-mail michel@waldencast.com) and Felipe Dutra (E-mail felipe@waldencast.com);

(iii) if to the Administrative Agent, (A) in the case of Borrowings, to JPMorgan Chase Bank, N.A., 500 Stanton Christiana Road, NCC5, Floor 1, Newark, DE 19713-2107, Attention of Barbie Porter (E-mail barbie.porter@chase.com) with a copy to Benjamin D. Outten (E-mail benjamin.outten@chase.com), (B) in the case of a notification of the DQ List, to JPMDQ_Contact@jpmorgan and (C) for all other notices, to JPMorgan Chase Bank, N.A., 500 Stanton Christiana Road, NCC5, Floor 1, Newark, DE 19713-2107, Attention of Barbie Porter (E-mail barbie.porter@chase.com);

(iv) if to JPMorgan Chase Bank, N.A., in its capacity as an Issuing Bank, to it at JPMorgan Chase Bank, N.A., 500 Stanton Christiana Road, NCC5, Floor 1, Newark, DE

19713-2107, Attention of Barbie Porter (E-mail barbie.porter@chase.com) with a copy to Benjamin D. Outten (E-mail benjamin.outten@chase.com), or in the case of any other Issuing Bank, to it at the address and email specified from time to time by such Issuing Bank to the Borrower and the Administrative Agent; and

(v) if to any other Lender or Issuing Bank, to it at its address (or email) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through Approved Electronic Platforms, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to any Loan Party, the Lenders and the Issuing Banks hereunder may be delivered or furnished by using Approved Electronic Platforms pursuant to procedures approved by the Administrative Agent; provided that, the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that, approval of such procedures may be limited to particular notices or communications.

(c) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(d) Any party hereto may change its address or email for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Parent Guarantor or the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or

issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Except as provided in Section 2.20 with respect to an Incremental Amendment or as provided in Section 2.14(b), Section 2.14(c) and Section 9.02(d) below, neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by, in the case of this Agreement, the Parent Guarantor, the Borrower and the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) and, in the case of any other Loan Document, the applicable Loan Parties party to such Loan Document and the Required Lenders (or the Administrative Agent with the consent of the Required Lenders); provided that, no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender (but not the consent of the Required Lenders) (it being understood that no amendment, modification, termination, waiver or consent with respect to any condition precedent, covenant or Default shall constitute an increase in the Commitment of any Lender), (ii) reduce or forgive the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce or forgive any interest, fees or other amounts payable hereunder, without the written consent of each Lender directly and adversely affected thereby (but not the consent of the Required Lenders) (except that (A) any amendment or modification of the financial covenants in this Agreement (or defined terms used in the financial covenants in this Agreement) or (B) the waiver or reduction of the Borrower to pay interest or fees at the applicable Default Rate set forth in Section 2.13(f) shall not constitute a reduction in the rate of interest or fees for purposes of this clause (ii)), (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby (but not the consent of the Required Lenders) (other than any reduction of the amount of, or any extension of the payment date for, the mandatory prepayments required under Section 2.11 or the waiver or reduction of the Borrower to pay interest or fees at the applicable Default Rate set forth in Section 2.13(f), in each case which shall only require the approval of the Required Lenders), (iv) change Section 2.09(c) or 2.18(b) or (d) in a manner that would alter the ratable reduction of Commitments or the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change the payment waterfall provisions of Section 2.21(b) or 7.03 without the written consent of each Lender, (vi) waive any condition set forth in Section 4.03 in respect of the making of a Revolving Loan without the written consent of the Required Revolving Lenders (provided further that, notwithstanding anything to the contrary herein, any waiver of the conditions set forth in Section 4.03 in respect of the making of Revolving Loans shall only require the consent of the Required Revolving Lenders), (vii) waive any condition set forth in Section 4.02 without the written consent of each Lender, (viii) change any of the provisions of this Section or the definition of "Required Lenders", "Required Revolving Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender (it being understood that, solely with the consent of the parties prescribed by Section 2.20 to be parties to an Incremental Amendment, Incremental Term Loans may be included in the determination of Required Lenders on substantially the same basis as the Commitments and the Loans are included on the Effective Date), (ix) (1) release the Borrower from its obligations under Article X or under the Collateral Documents or (2) release all or substantially all of the Guarantors from their obligations under the Collateral Documents and the Guarantee Agreement, in each case, without the written consent of each Lender, (x) except as provided in clause (d) of this Section or in any Collateral Document, release all or

substantially all of the Collateral, without the written consent of each Lender, or (xi) except as provided in clause (d) of this Section or in any Collateral Document, subordinate the (x) Lien securing the Obligations under the Loan Documents or (y) the Obligations under the Loan Documents in right of payment, in each case, to the obligations under any Indebtedness, without the written consent of each Lender; provided further that, (A) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or any Issuing Bank hereunder without the prior written consent of the Administrative Agent or such Issuing Bank, as the case may be (it being understood that any change to Section 2.21 shall require the consent of the Administrative Agent and the Issuing Banks); and provided further that, no such agreement shall amend or modify the provisions of Section 2.06 without the prior written consent of the Administrative Agent and the Issuing Banks and (B) any amendment or waiver that by its terms affects the rights or duties of Lenders holding Loans or Commitments of a particular Class (but not the Lenders holding Loans or Commitments of any other Class) will require only the requisite percentage in interest of the affected Class or Lenders that would be required to consent thereto if such Class of Lenders were the only Class of Lenders. Notwithstanding the foregoing, no consent with respect to any amendment, waiver or other modification of this Agreement or any other Loan Document shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (i), (ii) or (iii) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be directly and adversely affected by such amendment, waiver or other modification.

(c) Notwithstanding the foregoing, this Agreement and any other Loan Document may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (x) to add one or more credit facilities (in addition to the Incremental Term Loans pursuant to an Incremental Amendment) to this Agreement and to permit extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Revolving Loans, the initial Term Loans, Incremental Term Loans and the accrued interest and fees in respect thereof and (y) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and Lenders.

(d)

(1) The Liens granted to the Administrative Agent by the Loan Parties on any Collateral shall automatically terminate and be released and the Administrative Agent is hereby authorize to release such Liens (i) upon the Termination Date, (ii) on Collateral constituting property being sold or disposed of to any Person (other than to a Loan Party) in compliance with the terms of this Agreement, (iii) on Collateral constituting property leased to the Parent Guarantor, the Borrower or any Restricted Subsidiary under a lease which has expired or been terminated in a transaction permitted under this Agreement, (iv) as required to effect any sale or other disposition of such Collateral in connection with any exercise of remedies of the Administrative Agent and the Lenders pursuant to Article VII or (v) on assets that constitute Excluded Assets. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral.

(2) Each of the Lenders, on behalf of itself and any of its Affiliates that are Secured Parties, irrevocably authorizes the Administrative Agent (i) to subordinate any Lien on any assets granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such

property that is permitted by Section 6.01(i)(i) or 6.01(i)(ii). In each case as specified in this Section 9.02(d), the Administrative Agent will (and each Lender irrevocably authorizes the Administrative Agent to), at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to evidence the release of such Guarantor from its obligations under the Guarantee Agreement, in each case in accordance with the terms of the Loan Documents and this Section 9.02; provided that, if requested by the Administrative Agent, the Borrower has delivered a certificate, executed by a Responsible Officer of the Borrower on or prior to the date any such action is requested to be taken by the Administrative Agent, certifying that the applicable transaction is permitted under the Loan Documents and such release or subordination is permitted pursuant to this Section 9.02(d) (and the Lenders hereby authorize the Administrative Agent to rely upon such certificate in performing its obligations under this Section 9.02(d)).

(e) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender directly affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a "Non-Consenting Lender"), then the Borrower may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to the Borrower and the Administrative Agent (and, in the case of any Revolving Lender, the Issuing Banks) shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, (ii) the Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by the Borrower hereunder to and including the date of termination, including payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender and (iii) such Non-Consenting Lender shall have received the outstanding principal amount of its Loans and participations in LC Disbursements. Each party hereto agrees that (i) an assignment required pursuant to this paragraph may be effected pursuant to an Assignment and Assumption executed by the Borrower, the Administrative Agent and the assignee (or, to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and such parties are participants), and (ii) the Lender required to make such assignment need not be a party thereto in order for such assignment to be effective and shall be deemed to have consented to and be bound by the terms thereof; provided that, following the effectiveness of any such assignment, the other parties to such assignment agree to execute and deliver such documents necessary to evidence such assignment as reasonably requested by the applicable Lender, provided that, any such documents shall be without recourse to or warranty by the parties thereto.

(f) Notwithstanding anything herein to the contrary, if the Administrative Agent and the Borrower acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Loan Document, then the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement such provision to cure such

ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

(g) Notwithstanding anything to the contrary, the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement this Agreement to give effect to a change in the Parent Guarantor's fiscal year pursuant to Section 6.13 without any further action or consent of any other party to this Agreement.

(h) Notwithstanding anything herein to the contrary, guarantees, collateral security documents and related documents entered into in connection with this Agreement and the other Loan Documents may be in a form reasonably determined by the Administrative Agent and may be, together with this Agreement, amended, supplemented and waived with the consent of the Administrative Agent at the request of the Borrower without the need to obtain the consent of any other Lender if such amendment, supplement or waiver is delivered in order (i) to comply with local Law or advice of local counsel, (ii) to cause such guarantee, collateral security document or other document to be consistent with this Agreement and the other Loan Documents, or (iii) to effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties.

SECTION 9.03. Expenses; Limitation of Liability; Indemnity Etc.

(a) Expenses. The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates and the Arrangers (which shall be limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and other charges of a single firm as primary counsel, along with such special regulatory counsel as may reasonably be required by the Administrative Agent, and a single firm of local counsel in each applicable jurisdiction), in connection with the syndication and distribution (including via the Internet or through a service such as Intralinks and any virtual data room fees) of the credit facilities provided for herein, the preparation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by any Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, any Issuing Bank or any Lender (which shall be limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and other charges of a single firm as primary counsel, along with such special regulatory counsel as may reasonably be required by the Administrative Agent, and a single firm of local counsel in each applicable jurisdiction, for all such parties taken as a whole, and, in the event of an actual or reasonably perceived conflict of interest (as reasonably determined by the Administrative Agent or the applicable Issuing Bank or Lender), one additional firm of primary counsel, one special regulatory counsel and one additional local counsel in each applicable jurisdiction, in each case, for each group of similarly affected persons) in connection with the enforcement or protection of its rights in connection with this Agreement and any other Loan Document, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses (subject to the foregoing limitations with respect to legal fees and expenses) incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Limitation of Liability. To the extent permitted by applicable law (i) the Borrower and any other Loan Party shall not assert, and the Borrower and each other Loan Party hereby waives, any claim against the Administrative Agent, any Arrangers, the Documentation Agent, any Issuing Bank and any Lender, and any Related Party of any of the foregoing Persons (each such Person being called a "Lender-Related Person") for any Liabilities arising from the use by others of information or other materials (including any personal data) obtained through telecommunications, electronic or other information transmission systems (including the Internet), and (ii) no party hereto shall assert, and each such party hereby waives, any Liabilities against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document, or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this Section 9.03(b) shall relieve the Parent Guarantor, the Borrower or any other Loan Party of any obligation it may have to indemnify an Indemnitee, as provided in Section 9.03(c), against any special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(c) Indemnity. The Borrower shall indemnify the Administrative Agent, each Arranger, the Documentation Agent, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all Liabilities and related expenses (which shall be limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and other charges of a single firm of primary counsel, along with such special regulatory counsel as may reasonably be required by the Administrative Agent, and a single firm of local counsel in each applicable jurisdiction for all Indemnitees taken as whole, and, in the event of an actual or reasonably perceived conflict of interest (as reasonably determined by the applicable Indemnitees), one additional firm of primary counsel, one special regulatory counsel and one additional local counsel in each applicable jurisdiction, in each case to each group of similarly affected Indemnitees) incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document, or any agreement or instrument contemplated hereby or thereby, (ii) the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (iii) any action taken in connection with this Agreement, including the payment of principal, interest and fees, (iv) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (v) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Parent Guarantor, the Borrower or any of the Subsidiaries, or any Environmental Liability related in any way to the Parent Guarantor, the Borrower or any of the Subsidiaries, or (vi) any actual or prospective Proceeding in any jurisdiction relating to any of the foregoing (including in relation to enforcing the terms of the limitation of liability and indemnification referred to above), whether or not such Proceeding is brought by the Parent Guarantor, the Borrower or any other Loan Party or its or their respective equity holders, Affiliates, creditors or any other third Person and whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that, such indemnity shall not, as to any Indemnitee, be available to the extent that such Liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (i) the willful misconduct, bad faith or gross negligence of such Indemnitee or any of its Controlled Related Parties, (ii) a breach by such Indemnitee or any of its Controlled Related Parties of its obligations under this

Agreement or the other Loan Documents (including a breach of funding obligations) or (iii) any dispute solely among Indemnitees (not arising from any act or omission of the Parent Guarantor, the Borrower or any of its Affiliates) other than claims against an Indemnitee acting in its capacity as, or in fulfilling its role as, the Administrative Agent, an Arranger or an Issuing Bank or any other similar capacity under this Agreement or the other Loan Documents. As used above, a "Controlled Related Party" of an Indemnitee means (1) any Controlling Person or Controlled Affiliate of such Indemnitee, (2) the respective directors, officers, or employees of such Indemnitee or any of its Controlling Persons or Controlled Affiliates and (3) the respective agents or representatives of such Indemnitee or any of its Controlling Persons or Controlled Affiliates, in the case of this clause (3), acting at the instructions of such Indemnitee, Controlling Person or Controlled Affiliate; provided that, each reference to a Controlling Person, Controlled Affiliate, director, officer or employee in this sentence pertains to a Controlling Person, Controlled Affiliate, director, officer or employee involved in the arrangement, negotiation or syndication of the credit facilities evidenced by this Agreement. This Section 9.03(c) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(d) Lender Reimbursement. To the extent that the Borrower fails to pay any amount required to be paid by it under clause (a) or (c) of this Section 9.03, each Lender severally agrees to pay to the Administrative Agent, and each Revolving Lender severally agrees to pay to each Issuing Bank and each Related Party of any of the foregoing Persons (each, an "Agent-Related Person"), as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable payment is sought) of such unpaid amount (it being understood that the Borrower's failure to pay any such amount shall not relieve the Borrower of any default in the payment thereof); provided that, the unreimbursed expense or Liability or related expense, as the case may be, was incurred by or asserted against such Agent-Related Person in its capacity as such.

(e) Payments. All amounts due under this Section 9.03 shall be payable not later than fifteen (15) days after written demand therefor; provided that, with respect to such amount due under clause (c) of this Section 9.03, such Indemnitee shall promptly refund such amount to the extent there is a final non-appealable judgment of a court of competent jurisdiction that such Indemnitee was not entitled to indemnification rights with respect to such payment.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the relevant Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the relevant Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, Indemnitees, Lender-Related Persons and the Related Parties of each of the Administrative Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and

obligations under this Agreement (including all or a portion of its Revolving Commitments, participations in Letters of Credit and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld, conditioned or delayed) of:

(A) the Borrower (provided that, the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof); provided further that, no consent of the Borrower shall be required (i) for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, (ii) other than with respect to any proposed assignment to any Person that is a Disqualified Institution, if an Event of Default under Sections 7.01(a) and (f) has occurred and is continuing, any other assignee;

(B) the Administrative Agent; provided that, no consent of the Administrative Agent shall be required for an assignment to a Lender, an Affiliate of a Lender or an Approved Fund;

(C) the Issuing Banks; provided that, no consent of the Issuing Banks shall be required for an assignment of all or any portion of a Term Loan; and

(D) [Reserved].

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans of any Class, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 (in the case of Revolving Commitments and Revolving Loans) or $1,000,000 (in the case of a Term Loan) unless each of the Borrower and the Administrative Agent otherwise consent; provided that, no such consent of the Borrower shall be required if an Event of Default under Sections 7.01(a) and (f) has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that, this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including federal and state securities laws.

(iii) The assignee, to the extent such assignee is not an existing Lender, shall deliver to the Borrower a copy of the executed Assignment and Assumption or agreement incorporating an Assignment and Assumption by reference (as applicable) as soon as reasonably practicable following the execution of such relevant Assignment and Assumption or agreement.

For the purposes of this Section 9.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender or its Lender Parent, (c) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof, (d) the Parent Guarantor, the Borrower or any of their respective Affiliates or (e) a Disqualified Institution.

(i) Subject to acceptance and recording thereof pursuant to clause (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03 with respect to facts and circumstances occurring prior to the effective date of such Assignment and Assumption). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (c) of this Section.

(ii) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from

time to time (the "Register"). The entries in the Register shall be conclusive (absent manifest error), and the Borrower, the Administrative Agent, the Issuing Banks and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(iii) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to an Approved Electronic Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) of this Section and any written consent to such assignment required by clause (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that, if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(d), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of, or notice to, the Borrower, the Administrative Agent or the Issuing Banks, sell participations to one or more banks or other entities (a "Participant"), other than an Ineligible Institution, in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitments and/or the Loans owing to it); provided that, (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrower, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that, such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that, such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under

Section 2.15 or 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender; provided that, such Participant agrees to be subject to Section 2.18(d) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that, no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except that the Participant Register shall be available for inspection by the Borrower upon reasonable request to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or Section 1.163-5(b) of the Proposed United States Treasury Regulations (or, in each case, any amended or successor version). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. Notwithstanding anything herein to the contrary, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that, no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) Disqualified Institutions.

(i) No assignment or participation shall be made to any Person that was a Disqualified Institution as of the date (the "Trade Date") on which the assigning Lender entered into a binding agreement to sell and assign or grant a participation in all or a portion of its rights and obligations under this Agreement to such Person (unless the Borrower has consented to such assignment or participation in writing in its sole and absolute discretion, in which case such Person will not be considered a Disqualified Institution for the purpose of such assignment or participation). Notwithstanding anything herein to the contrary, with respect to any assignee or Participant that becomes a Disqualified Institution after the applicable Trade Date (including as a result of the delivery of a written supplement to the list of "Disqualified Institutions" referred to in, the definition of "Disqualified Institution"), (x) such assignee or Participant shall not retroactively be disqualified from becoming a Lender or Participant and (y) the execution by the Borrower of an Assignment and Assumption with respect to such assignee will not by itself result in such assignee no longer being considered a Disqualified Institution. Any assignment or

participation in violation of this clause (e)(i) shall not be void, but the other provisions of this clause (e) shall apply.

(ii) If any assignment or participation is made to any Disqualified Institution without the Borrower's prior written consent in violation of clause (i) above, or if any Person becomes a Disqualified Institution after the applicable Trade Date, the Borrower may, at its sole expense and effort, upon notice to the applicable Disqualified Institution and the Administrative Agent, require such Disqualified Institution to assign, without recourse (in accordance with and subject to the restrictions contained in this Section 9.04), all of its interest, rights and obligations under this Agreement to one or more Persons (other than an Ineligible Institution, the Parent Guarantor, the Borrower, any of the Subsidiaries or any of the Borrower's Affiliates) at the lesser of (x) the principal amount thereof and (y) the amount that such Disqualified Institution paid to acquire such interests, rights and obligations in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder.

(iii) Notwithstanding anything to the contrary contained in this Agreement, Disqualified Institutions to whom an assignment or participation is made in violation of clause (i) above (A) will not have the right to (x) receive information, reports or other materials provided to Lenders by the Borrower, the Administrative Agent or any other Lender, (y) attend or participate in meetings attended by the Lenders and the Administrative Agent, or (z) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (B) (x) for purposes of any consent to any amendment, waiver or modification of, or any action under, and for the purpose of any direction to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Agreement or any other Loan Document, each Disqualified Institution will be deemed to have consented in the same proportion as the Lenders that are not Disqualified Institutions consented to such matter and (y) for purposes of voting on any plan of reorganization, each Disqualified Institution party hereto hereby agrees (1) not to vote on such plan of reorganization, (2) if such Disqualified Institution does vote on such plan of reorganization notwithstanding the restriction in the foregoing clause (1), such vote will be deemed not to be in good faith and shall be "designated" pursuant to Section 1126(e) of the Bankruptcy Code (or any similar provision in any other applicable laws), and such vote shall not be counted in determining whether the applicable class has accepted or rejected such plan of reorganization in accordance with Section 1126(c) of the Bankruptcy Code (or any similar provision in any other applicable laws) and (3) not to contest any request by any party for a determination by the bankruptcy court (or other applicable court of competent jurisdiction) effectuating the foregoing clause (2).

(iv) The Administrative Agent shall have the right, and the Borrower hereby expressly authorizes the Administrative Agent, to (A) post the list of Disqualified Institutions provided by the Borrower and any updates thereto from time to time (collectively, the "DQ List") on an Approved Electronic Platform, including that portion of such Platform that is designated for "public side" Lenders and/or (B) provide the DQ List to each Lender or potential Lender requesting the same.

(v) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the

provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any other Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (y) have any liability with respect to or arising out of any assignment or participation of Loans, or disclosure of confidential information, by any other Person to any Disqualified Institution.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, any Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to (i) fees payable to the Administrative Agent and (ii) the reductions of the Letter of Credit Commitment of any Issuing Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document and/or (z) any document, amendment, approval, consent, information, notice (including any notice delivered pursuant to Section 9.01), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a

paper-based recordkeeping system, as the case may be; provided that, nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; provided further that, without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Parent Guarantor, the Borrower or any other Loan Party without further verification thereof and without any obligation to review the appearance or form of any such Electronic Signature and (ii) upon the request of the Administrative Agent, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Borrower and each other Loan Party hereby (i) agrees that, for all purposes, including in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders, the Borrower and the other Loan Parties, Electronic Signatures transmitted by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Loan Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (ii) agrees that the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Agreement, any other Loan Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (iii) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Loan Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (iv) waives any claim against any Lender-Related Person for any Liabilities arising solely from the Administrative Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by emailed pdf, or any other electronic means that reproduces an image of an actual executed signature page, including any Liabilities arising as a result of the failure of the Borrower and/or any other Loan Party to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, each Issuing Bank, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to setoff and apply any and all deposits (general or special, time or demand, provisional or final) at any time held, and other obligations at any time owing, by such Lender, each Issuing Bank or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or such Issuing Bank or their respective Affiliates, irrespective of whether or not such Lender, such Issuing Bank or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender

or such Issuing Bank different from the branch office or Affiliate holding such deposit or obligated on such indebtedness; provided that, in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so setoff shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.21 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the relevant Issuing Bank, and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, the Issuing Banks and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuing Bank or their respective Affiliates may have. Each Lender and each Issuing Bank agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that, the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN ANY SUCH OTHER LOAN DOCUMENT) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

(b) Each of the Lenders and the Administrative Agent hereby irrevocably and unconditionally agrees that, notwithstanding the governing law provisions of any applicable Loan Document, any claims brought against the Administrative Agent by any Secured Party relating to this Agreement, any other Loan Document, the Collateral or the consummation or administration of the transactions contemplated hereby or thereby shall be construed in accordance with and governed by the law of the State of New York.

(c) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (or if such court lacks subject matter jurisdiction, the Supreme Court of the State of New York sitting in the Borough of Manhattan), and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may (and any such claims, cross-claims or third party claims brought against the Administrative Agent or any of its Related Parties may only) be heard and determined in such Federal (to the extent permitted by law) or New York State court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(d) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the

laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (c) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(e) Each of the parties hereto hereby irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. **WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; provided that, the Administrative Agent, such Issuing Bank or such Lender, as applicable, shall, to the extent practicable and permitted by applicable Law and except with respect to any audit or examination conducted by bank accountants or any Governmental Authority exercising examination or regulatory authority, promptly inform the Borrower of such disclosure, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (1) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (it being understood that the DQ List may be disclosed to any assignee or Participant, or prospective assignee or Participants, in reliance on this clause (f)) or (2) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) on a confidential basis to (1) any rating agency in connection with rating the Parent Guarantor, the Borrower or the Subsidiaries or the credit facilities

provided for herein or (2) on a confidential basis, the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of identification numbers with respect to the credit facilities provided for herein, (h) with the written consent of the Borrower or (i) to the extent such Information (1) becomes publicly available other than as a result of a breach of this Section or (2) becomes available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Loan Parties relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by any Loan Party or any Subsidiary thereof (other than as a result of a breach of this Section 9.12) and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE OTHER LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the Patriot Act and the requirements of the Beneficial Ownership Regulation hereby notifies the Borrower and each other Loan Party that, pursuant to the requirements of the Patriot Act and the Beneficial Ownership Regulation, it is required to obtain, verify and record information that identifies the Borrower or such Loan Party, which information includes the name, address and tax identification number of the Borrower and such Loan Party and other information that will allow such Lender to identify the Borrower and such Loan Party in accordance with the Patriot Act and the Beneficial

Ownership Regulation and other applicable "know your customer" and anti-money laundering rules and regulations.

SECTION 9.14. Releases of Guarantors.

(a) A Guarantor (other than the Borrower) shall automatically be released from its obligations under the Guarantee Agreement and the Collateral Documents upon the consummation of any transaction permitted by this Agreement as a result of which such Guarantor ceases to be a Restricted Subsidiary; provided that, if so required by this Agreement, the Required Lenders shall have consented to such transaction and the terms of such consent shall not have provided otherwise. In connection with any release permitted pursuant to this Section 9.14, the Administrative Agent will (and each Lender irrevocably authorizes the Administrative Agent to), at the Borrower's expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such release of such Guarantor from its obligations under the Guarantee Agreement, in each case in accordance with the terms of the Loan Documents and this Section 9.14; provided that, if requested by the Administrative Agent, the Borrower has delivered a certificate, executed by a Responsible Officer of the Borrower on or prior to the date any such action is requested to be taken by the Administrative Agent, certifying that the applicable transaction is permitted under the Loan Documents (and the Lenders hereby authorize the Administrative Agent to rely upon such certificate in performing its obligations under this Section 9.14).

(b) Further, the Administrative Agent may (and is hereby irrevocably authorized by each Lender to), upon the request of the Borrower, release any Guarantor (other than the Borrower) from its obligations under the Guarantee Agreement and the Collateral Documents if (i) such Guarantor (x) is no longer a Material Subsidiary or (y) becomes an Excluded Subsidiary or is otherwise not required pursuant to the terms of this Agreement to be a Guarantor (provided that, if any Guarantor becomes an Excluded Subsidiary by virtue of clause (c) of the definition thereof, such Guarantor shall not be released from its obligations under the Guarantee Agreement and the Collateral Documents solely by virtue of becoming an Excluded Subsidiary of the type described in clause (c) of the definition thereof as a result of a disposition of less than all of its outstanding Equity Interests, unless (x) the Parent Guarantor shall at such time be deemed to have made an Investment in a non-Loan Party Subsidiary (as if such Subsidiary were then newly acquired) in an amount equal to the fair market value of such Subsidiary still directly or indirectly owned by the Parent Guarantor or the Borrower after giving effect to the Disposition that caused such Subsidiary to become an Excluded Subsidiary and (y) such Disposition is a good faith Disposition to a bona fide unaffiliated third party (as determined by the Borrower in good faith) for fair market value and for a bona fide business purpose (as determined by the Borrower in good faith) (it being understood that this proviso shall not limit the release of any Guarantor that otherwise qualifies as an Excluded Subsidiary for reasons other than by virtue of clause (c) of the definition thereof)) or (ii) such release is approved, authorized or ratified by the requisite Lenders pursuant to Section 9.02.

(c) At such time as the principal and interest on the Loans, all LC Disbursements, the fees, expenses and other amounts payable under the Loan Documents and the other Obligations (other than Secured Hedging Obligations not yet due and payable, Secured Cash Management Obligations not yet due and payable, Unliquidated Obligations for which no claim has been made and other Obligations expressly stated to survive such payment and termination) shall have been paid in full in cash, the Commitments shall have been terminated and no Letters of Credit shall be outstanding (or any outstanding Letters of Credit shall have been cash collateralized or backstopped pursuant to arrangements

reasonably satisfactory to the Administrative Agent and the relevant Issuing Bank) (the "Termination Date"), the Collateral Documents and all obligations (other than those expressly stated to survive such termination) of each Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

Notwithstanding anything to the contrary in this Agreement, upon a Subsidiary (other than the Borrower) being designated an Unrestricted Subsidiary in accordance with Section 5.16 of this Agreement or otherwise ceasing to be a Restricted Subsidiary (including by way of liquidation or dissolution) in a transaction permitted by this Agreement, such Subsidiary shall be automatically released and relieved of any obligations under this Agreement, the Guarantee Agreement, the Collateral Documents and all other Loan Documents, all Liens granted by such Subsidiary in its assets to the Administrative Agent shall be automatically released, all pledges to the Administrative Agent of Equity Interests in any such Subsidiary shall be automatically released, and the Administrative Agent is authorized to, and shall promptly, deliver to the Borrower any acknowledgement confirming such releases and all necessary releases and terminations, in each case as the Borrower may reasonably request to evidence such release and at Borrower's expense. To the extent any Loan Document conflicts or is inconsistent with the terms of this Section, this Section shall govern and control in all respects.

SECTION 9.15. Appointment for Perfection. Each Lender hereby appoints each other Lender as its agent for the purpose of perfecting Liens, for the benefit of the Administrative Agent and the Secured Parties, in assets which, in accordance with Article 9 of the UCC or any other applicable law can be perfected only by possession or control. Should any Lender (other than the Administrative Agent) obtain possession or control of any such Collateral, such Lender shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or otherwise deal with such Collateral in accordance with the Administrative Agent's instructions.

SECTION 9.16. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the NYFRB Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.17. No Fiduciary Duty, etc.

(a) Each of the Parent Guarantor and the Borrower acknowledges and agrees, and acknowledges the Subsidiaries' understanding, that no Credit Party will have any obligations except those obligations expressly set forth herein and in the other Loan Documents and each Credit Party is acting solely in the capacity of an arm's length contractual counterparty to the Parent Guarantor and the Borrower with respect to the Loan Documents and the transactions contemplated herein and therein and

not as a financial advisor or a fiduciary to, or an agent of, the Parent Guarantor, the Borrower or any other person. Each of the Parent Guarantor and the Borrower agrees that it will not assert any claim against any Credit Party based on an alleged breach of fiduciary duty by such Credit Party in connection with this Agreement and the transactions contemplated hereby. Additionally, each of the Parent Guarantor and the Borrower acknowledges and agrees that no Credit Party is advising the Parent Guarantor or the Borrower as to any legal, tax, investment, accounting, regulatory or any other matters in any jurisdiction. Each of the Parent Guarantor and the Borrower shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated herein or in the other Loan Documents, and the Credit Parties shall have no responsibility or liability to the Parent Guarantor the or Borrower with respect thereto.

(b) Each of the Parent Guarantor and the Borrower further acknowledges and agrees, and acknowledges the Subsidiaries' understanding, that each Credit Party, together with its Affiliates, is a full service securities or banking firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, any Credit Party may provide investment banking and other financial services to, and/or acquire, hold or sell, for its own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of, the Parent Guarantor, the Borrower, the Subsidiaries and other companies with which the Parent Guarantor, the Borrower or any of the Subsidiaries may have commercial or other relationships. With respect to any securities and/or financial instruments so held by any Credit Party or any of its customers, all rights in respect of such securities and financial instruments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion.

(c) In addition, each of the Parent Guarantor and the Borrower acknowledges and agrees, and acknowledges the Subsidiaries' understanding, that each Credit Party and its Affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Parent Guarantor, Borrower or any of the Subsidiaries may have conflicting interests regarding the transactions described herein and otherwise. No Credit Party will use confidential information obtained from the Borrower by virtue of the transactions contemplated by the Loan Documents or its other relationships with the Borrower in connection with the performance by such Credit Party of services for other companies, and no Credit Party will furnish any such information to other companies. Each of the Parent Guarantor and the Borrower also acknowledges that no Credit Party has any obligation to use in connection with the transactions contemplated by the Loan Documents, or to furnish to the Parent Guarantor, the Borrower or any of the Subsidiaries, confidential information obtained from other companies.

SECTION 9.18. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

SECTION 9.19. Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Contracts or any other agreement or instrument that is a QFC (such support "QFC Credit Support" and each such QFC a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regime") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

ARTICLE X

Borrower Guarantee

In order to induce the Lenders to extend credit to the Borrower hereunder and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Borrower hereby absolutely and irrevocably and unconditionally guarantees, as a primary obligor and not

merely as a surety, the payment when and as due of the Specified Ancillary Obligations of the Subsidiaries. The Borrower further agrees that the due and punctual payment of such Specified Ancillary Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Specified Ancillary Obligation.

Each of the Parent Guarantor and the Borrower waives presentment to, demand of payment from and protest to the Parent Guarantor or any Subsidiary of any of the Specified Ancillary Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of the Borrower hereunder shall not be affected by (a) the failure of any applicable Lender (or any of its Affiliates) to assert any claim or demand or to enforce any right or remedy against the Parent Guarantor or any Subsidiary under the provisions of any Cash Management Agreement, any Swap Contracts or otherwise; (b) any extension or renewal of any of the Specified Ancillary Obligations; (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of this Agreement, any other Loan Document, any Cash Management Agreement, any Swap Contracts or other agreement; (d) any default, failure or delay, willful or otherwise, in the performance of any of the Specified Ancillary Obligations; (e) the failure of any applicable Lender (or any of its Affiliates) to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Specified Ancillary Obligations, if any; (f) any change in the corporate, partnership or other existence, structure or ownership of the Parent Guarantor or any Subsidiary or any other guarantor of any of the Specified Ancillary Obligations; (g) the enforceability or validity of the Specified Ancillary Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Specified Ancillary Obligations or any part thereof, or any other invalidity or unenforceability relating to or against the Parent Guarantor or any Subsidiary or any other guarantor of any of the Specified Ancillary Obligations, for any reason related to this Agreement, any other Loan Document, any Cash Management Agreement, any Swap Contracts, or any provision of applicable law, decree, order or regulation of any jurisdiction purporting to prohibit the payment by the Parent Guarantor or such Subsidiary or any other guarantor of the Specified Ancillary Obligations, of any of the Specified Ancillary Obligations or otherwise affecting any term of any of the Specified Ancillary Obligations; or (h) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of the Borrower or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of the Borrower to subrogation.

The Borrower further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Specified Ancillary Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by any applicable Lender (or any of its Affiliates) to any balance of any deposit account or credit on the books of the Administrative Agent, any Issuing Bank or any Lender in favor of the Parent Guarantor or any Subsidiary or any other Person.

The obligations of the Borrower hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Specified Ancillary Obligations, any impossibility in the performance of any of the Specified Ancillary Obligations or otherwise.

The Borrower further agrees that its obligations hereunder shall constitute a continuing and irrevocable guarantee of all Specified Ancillary Obligations now or hereafter existing and shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Specified Ancillary Obligation (including a payment effected through exercise of a right of setoff) is rescinded, or is or must otherwise be restored or returned by any applicable Lender (or any of its Affiliates) upon the insolvency, bankruptcy or reorganization of the Parent Guarantor or any Subsidiary or otherwise (including pursuant to any settlement entered into by a holder of Specified Ancillary Obligations in its discretion).

In furtherance of the foregoing and not in limitation of any other right which any applicable Lender (or any of its Affiliates) may have at law or in equity against the Borrower by virtue hereof, upon the failure of the Parent Guarantor or any Subsidiary to pay any Specified Ancillary Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Borrower hereby promises to and will, upon receipt of written demand by any applicable Lender (or any of its Affiliates), forthwith pay, or cause to be paid, to such applicable Lender (or any of its Affiliates) in cash an amount equal to the unpaid principal amount of such Specified Ancillary Obligations then due, together with accrued and unpaid interest thereon. The Borrower further agrees that if payment in respect of any Specified Ancillary Obligation shall be due in a currency other than Dollars and/or at a place of payment other than New York, Chicago or any other office, branch, affiliate or correspondent bank of the applicable Lender for such currency and if, by reason of any Change in Law, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Specified Ancillary Obligation in such currency or at such place of payment shall be impossible or, in the reasonable judgment of any applicable Lender (or any of its Affiliates), disadvantageous to such applicable Lender (or any of its Affiliates) in any material respect, then, at the election of such applicable Lender, the Borrower shall make payment of such Specified Ancillary Obligation in Dollars (based upon the applicable equivalent Dollar amount of such Specified Ancillary Obligation on the date of payment as determined by the Administrative Agent) and/or in New York, Chicago or such other payment office as is designated by such applicable Lender (or its Affiliate) and, as a separate and independent obligation, shall indemnify such applicable Lender (and any of its Affiliates) against any losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

Upon payment by the Borrower of any sums as provided above, all rights of the Borrower against the Parent Guarantor or any Subsidiary arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full in cash of all the Specified Ancillary Obligations owed by the Parent Guarantor or such Subsidiary to the applicable Lender (or its applicable Affiliates).

The Borrower hereby absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each Guarantor to honor all of its obligations under the Guarantee Agreement and the Collateral Documents in respect of Specified Swap Obligations (provided that, the Borrower shall only be liable under this paragraph for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this paragraph or otherwise under this Article X voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The Borrower intends that this paragraph constitute, and this paragraph shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Without limitation to the preceding and without prejudice to the generality of any waiver granted in the Loan Documents, the Borrower irrevocably and unconditionally abandons and waives any right which it may have at any time under the existing or future laws of Jersey: (a) whether by virtue of the *droit de discussion* or otherwise to require that recourse be had to the assets of any other person before any claim is enforced against the Borrower in respect of the Specified Ancillary Obligations assumed by the Borrower hereunder; and (b) whether by virtue of the *droit de division* or otherwise to require that any liability hereunder be divided or apportioned with any other person or reduced in any manner whatsoever.

Nothing shall discharge or satisfy the liability of the Borrower hereunder except the full performance and payment in cash of the Obligations.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

WALDENCAST PARTNERS LP, an exempted limited partnership formed and registered in the Cayman Islands, as the Parent Guarantor

acting through its sole general partner OBAGI HOLDCO 1 LIMITED

By ____
Name:
Title:

WALDENCAST FINCO LIMITED, a private company incorporated under the laws of Jersey as the Borrower

By ____

Name:

Title:

JPMORGAN CHASE BANK, N.A., individually as a Lender, as an Issuing Bank and as Administrative Agent

By ____

Name:

Title:

[-], as a Lender [and an Issuing Bank]

By ____

Name:

Title:

[-], as a Lender [and an Issuing Bank]

By ____

Name:

Title:

Summary report: Litera Compare for Word 11.4.0.111 Document comparison done on 4/26/2024 1:14:08 PM	
Style name: Option 3c (Opt 3 + No Moves, No Format)	
Intelligent Table Comparison: Active	
Original DMS: dm://NYCSR03A/2324969/9	
Description: Waldencast - Credit Agreement (as amended by the Second Amendment)	
Modified DMS: dm://NYCSR03A/2412084/2	
Description: WALD - Credit Agreement (conformed through Third Amendment)	
Changes:	
Add	36
~~Delete~~	50
~~Move From~~	0
Move To	0
Table Insert	0
~~Table Delete~~	0
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	86

Redline Waldencast - Credit Agreement (as amended by the Second Amendment) 2324969v9 and WALD - Credit Agreement (conformed through Third Amendment) 2412084v2 04/26/2024 1:14:08 PM

Exhibit 8.1

Waldencast plc
List of Subsidiaries

Name of Subsidiary	Jurisdiction of Formation
Blue Sea Administration Vietnam Company Limited	Vietnam
Milk Makeup LLC	U.S., Delaware
Milk Makeup Europe, S.L.	Barcelona
Milk Makeup UK Limited	England & Wales
Obagi AsiaPac Limited	Hong Kong
Obagi Blue Sea Holding, LLC	Cayman Islands
Obagi Cosmeceuticals LLC	U.S., Delaware
Obagi Global Holdings Limited	Cayman Islands
Obagi Holdco 1 Limited	Jersey
Obagi Holdco 2 Limited	Jersey
Obagi Holdings Company Limited	Cayman Islands
Obagi Netherlands B.V.	Netherlands
Obagi Viet Nam Import Export Trading MTV Company Limited	Vietnam
Waldencast Cayman LLC	Cayman Islands
Waldencast Finco Limited	Jersey
Waldencast Malaysia SDN. BHD.	Malaysia
Waldencast Partners LP	Cayman Islands
Waldencast Singapore Pte. Ltd.	Singapore
Waldencast (Thailand) Co., Ltd.	Thailand
Waldencast UK Operations Limited	England & Wales

Exhibit 12.1

Certification

I, Michel Brousset, certify that:

1. I have reviewed this annual report on Form 20–F of Waldencast plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) [language omitted in accordance with Exchange Act Rule 13a-14(a)] for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
   c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 30, 2024

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

Exhibit 12.2

Certification

I, Manuel Manfredi, certify that:

1. I have reviewed this annual report on Form 20–F of Waldencast plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) [language omitted in accordance with Exchange Act Rule 13a-14(a)] for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
   c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors:
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

April 30, 2024

By: /s/ Manuel Manfredi

Name: Manuel Manfredi
Title: Chief Financial Officer and Principal Financial Officer

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2023 (the "Report") by Waldencast plc (the "Company"), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2024

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

Exhibit 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. Section 1350

In connection with the filing of the Annual Report on Form 20-F for the period ended December 31, 2023 (the "Report") by Waldencast plc (the "Company"), the undersigned, as the Chief Financial Officer and Chief Operating Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2024

By: /s/ Manuel Manfredi
Name: Manuel Manfredi
Title: Chief Financial Officer and Principal Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-268108 on Form S-8 of our report dated April 30, 2024, relating to the financial statements of Waldencast plc, appearing in this Annual Report on Form 20-F for the year ended December 31, 2023.

/s/Deloitte & Touche LLP

Costa Mesa, California
April 30, 2024

WALDENCAST PLC
SUPPLEMENTAL EXECUTIVE OFFICER CLAWBACK POLICY

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Waldencast Plc (the "Company") believes that it is appropriate for the Company to adopt this Supplemental Executive Officer Clawback Policy (the "Policy") to be applied to the Executive Officers of the Company and adopts this Policy as of November 9, 2023 to be effective as of the Effective Date.

1. Definitions

For purposes of this Policy, the following definitions shall apply:

a. "Company Group" means the Company and each of its Subsidiaries, as applicable.

b. "Covered Compensation" means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after Effective Date, (ii) after the person became an Executive Officer and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association.

c. "Effective Date" means October 2, 2023.

d. "Erroneously Awarded Compensation" means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (i.e., on a pre-tax basis). For Covered Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to the Nasdaq.

e. "Exchange Act" means the U.S. Securities Exchange Act of 1934.

f. "Executive Officer" means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such

policy-making functions for the Company. "Policy-making function" does not include policy-making functions that are not significant. Both current and former Executive Officers are subject to the Policy in accordance with its terms.

g. "Financial Reporting Measure" means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures and may consist of IFRS/GAAP or non-IFRS/non-GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price or (iii) total shareholder return. Financial Reporting Measures need not be presented within the Company's financial statements or included in a filing with the SEC.

h. "Home Country" means the Company's jurisdiction of incorporation.

i. "Incentive-Based Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

j. "Lookback Period" means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company's fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on if or when the Restatement is actually filed.

k. "Nasdaq" means the Nasdaq Stock Market.

l. "Received": Incentive-Based Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

m. "Restatement" means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement). Changes to the Company's financial statements that do not represent error corrections under the then-current

relevant accounting standards will not constitute Restatements. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.

n. "SEC" means the U.S. Securities and Exchange Commission.

o. "Subsidiary" means any domestic or foreign corporation, partnership, association, joint stock company, joint venture, trust or unincorporated organization "affiliated" with the Company, that is, directly or indirectly, through one or more intermediaries, "controlling", "controlled by" or "under common control with", the Company. "Control" for this purpose means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, contract or otherwise.

2. Recoupment of Erroneously Awarded Compensation

In the event of a Restatement, any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below.

Notwithstanding the foregoing, the Committee (or, if the Committee is not a committee of the Board responsible for the Company's executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered, including the costs that could be incurred if pursuing such recovery would violate local laws other than the Company's Home Country laws (following reasonable attempts by the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to the Nasdaq), (ii) pursuing such recovery would violate the Company's Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to the Nasdaq that recovery would result in such a violation and provides such opinion to the Nasdaq), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

3. Means of Repayment

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide written notice to such person by email or certified mail to the physical address on file with the Company Group for such person, and the

person shall satisfy such repayment in a manner and on such terms as required by the Committee, and the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the Company Group, to require the forfeiture of any award granted by the Company Group to the person, or to take any and all necessary actions to reasonably promptly recoup the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the U.S. Internal Revenue Code and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation to the Company Group by wire, cash or cashier's check no later than thirty (30) days after receipt of such notice.

4. No Indemnification

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, "indemnification" includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation). In no event shall the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

5. Miscellaneous

This Policy generally will be administered and interpreted by the Committee, provided that the Board may, from time to time, exercise discretion to administer and interpret this Policy, in which case, all references herein to "Committee" shall be deemed to refer to the Board. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. Any discretionary determinations of the Committee under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively amongst persons, whether or not such persons are similarly situated.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or the Nasdaq, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy.

Recoupment of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to the Nasdaq.

The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recoupment, or remedies or rights other than recoupment, that may be available to the Company Group pursuant to the terms of any law, government regulation or stock exchange listing requirement or any other policy, code of conduct, employee handbook, employment agreement, equity award agreement, or other plan or agreement of the Company Group.

6. Amendment and Termination

To the extent permitted by, and in a manner consistent with applicable law, including SEC and Nasdaq rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

7. Successors

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.

WALDENCAST PLC

SUPPLEMENTAL EXECUTIVE OFFICER CLAWBACK POLICY

ACKNOWLEDGMENT, CONSENT AND AGREEMENT

I acknowledge that I have received and reviewed a copy of the Waldencast Plc Supplemental Executive Officer Clawback Policy (as may be amended from time to time, the "Policy") and I have been given an opportunity to ask questions about the Policy and review it with my counsel. I knowingly, voluntarily and irrevocably consent to and agree to be bound by and subject to the Policy's terms and conditions, including that I will return any Erroneously Awarded Compensation that is required to be repaid in accordance with the Policy. I further acknowledge, understand and agree that (i) the compensation that I receive, have received or may become entitled to receive from the Company Group is subject to the Policy, and the Policy may affect such compensation and (ii) I have no right to indemnification, insurance payments or other reimbursement by or from the Company Group for any compensation that is subject to recoupment and / or forfeiture under the Policy. Capitalized terms used but not defined herein have the meanings set forth in the Policy.

Signed: _____

Print Name: _____

Date: _____