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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

_____, Individually and on behalf of all
others similarly situated,

Plaintiff,

v.

WALDENCAST PLC F/K/A WALDENCAST
ACQUISITION CORP., MICHEL
BROUSSET, TASSILO FESTETICS,
PHILIPPE GAUTIER, FELIPE DUTRA, HIND
SEBTI, JULIETTE HICKMAN, LINDSAY
PATTISON, CRISTIANO SOUZA, ZACH
WERNER, and AARON CHATTERLEY,

Defendants.

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff ____ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants’ public documents, and announcements made by Defendants,

public filings, wire and press releases published by and regarding Waldencast plc f/k/a Waldencast Acquisition Corp. (“Waldencast” or the “Company”), and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded Waldencast securities between July 7, 2022 and January 31, 2024, inclusive (the “Class Period”) and (2) all persons or entities who held Waldencast Acquisition Corp. (“Legacy Waldencast”) common stock eligible to vote at Legacy Waldencast’s July 25, 2022 special meeting, seeking to pursue remedies under Section 14(a) of the Exchange Act. Plaintiff seeks to recover compensable damages caused by Defendants’ violations of the federal securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5), and Section 14(a) of the Exchange Act (15 U.S.C. § 78n(a) and Rule 14a-9 promulgated thereunder (17 C.F.R. § 240.14a-9).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff _____, as set forth in the accompanying certification, incorporated by reference herein, purchased Waldencast securities during the Class Period and was economically damaged thereby.

7. Waldencast develops and operates a beauty and wellness platform.

8. The Company is incorporated in Jersey, a British Crown Dependency, and its head office is located at 10 Bank Street, Suite 560, White Plains, New York, 10606. Waldencast's securities and redeemable warrants trade on the Nasdaq Global Market ("NASDAQ") under the ticker symbol "WALD" and "WALDW", respectively.

9. Defendant Michel Brousset ("Brousset") is the Company's founder, and has served as Chief Executive Officer ("CEO") since 2021. He was also the CEO and a Director of Legacy Waldencast (defined below), including serving as the Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer

10. Defendant Tassilo Festetics ("Festetics") served as the Company's Chief Financial Officer ("CFO") from August 2021 to June 2022.

11. Defendant Philippe Gautier ("Gautier") served as the Company's CFO from October 2022 until January 31, 2024.

12. Defendants Brousset, Festetics, and Gautier are collectively referred to herein as the "Individual Defendants."

13. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;
- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

14. The Company is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

15. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

16. Defendant Brousett was the CEO and a Director of Legacy Waldencast at the time of the Proxy Statement.

17. Defendant Felipe Dutra (“Dutra”) was the Executive Chairman of Legacy Waldencast’s Board of Directors at the time of the Proxy Statement.

18. Defendant Hind Sebti (“Sebti”) was Legacy Waldencast’s Chief Operating Officer at the time of the Proxy Statement.

19. Defendant Juliette Hickman (“Hickman”) was a Legacy Waldencast Director at the time of the Proxy Statement.

20. Defendant Lindsay Pattison (“Pattison”) was a Legacy Waldencast Director at the time of the Proxy Statement.

21. Defendant Cristiano Souza (“Souza”) was a Legacy Waldencast Director at the time of the Proxy Statement.

22. Defendant Zach Werner (“Werner”) was a Legacy Waldencast Director at the time of the Proxy Statement.

23. Defendant Aaron Chatterley (“Chatterley”) was a Legacy Waldencast Director at the time of the Proxy Statement.

24. Defendants Brouset, Dutra, Sebti, Hickman, Pattison, Souza, Werner, and Chatterley (collectively, the “Director Defendants”), participated in Board meetings and conference calls, voted to approve the merger, signed and/or authorized the signing of the Proxy, approved the Proxy, solicited approval of the merger through the Board’s recommendation that Legacy Waldencast shareholders vote in favor the Merger (defined below) which appeared in the Proxy, and permitted the use of their names in connection with the solicitation of proxies from the shareholders. In their capacities as signatories of documents set

forth below, as well as by virtue of their authority to approve the merger, the Director Defendants possessed the power and authority to control the contents of the Proxy, as well as Legacy Waldencast's and the Company's press releases, investor and media presentations, and other SEC filings.

25. Waldencast, the Director Defendants, and the Individual Defendants are collectively referred to herein as "Defendants."

BACKGROUND

26. Waldencast was originally incorporated as a blank check company (also called a Special Purpose Acquisition Company, or "SPAC"), and was formed "for the purpose of effecting a merger, amalgamation, share exchange, asset acquisition, share purchase, reorganization or similar business combination with one or more businesses or entities." For clarity, the pre-merger entity will be referred to as "Legacy Waldencast."

27. On November 15, 2021, Legacy Waldencast released a press release entitled "Waldencast Announces \$1.2 Billion Three-Way Business Combination with Obagi and Milk Makeup as a First Step in its Strategy to Create a Global Multi-Brand Beauty and Wellness Platform" (the "Merger Announcement"). The Merger Announcement stated the following:

Waldencast Acquisition Corp., (NASDAQ: WALD), a special purpose acquisition company today announced it has entered into definitive simultaneous business combination agreements with leading science-based, results-driven skin care brand Obagi and award-winning makeup and skin care brand Milk Makeup. The approximately \$1.2 billion three-way transaction is a first step in Waldencast's strategy to create a global best-in-class multi-brand beauty and wellness platform.

Obagi is a leading physician-dispensed brand in the dermo-cosmetic space, the highest-growth category in skin care. Obagi is ranked number one by US dermatologists and plastic surgeons and is recognized for its clinical excellence, industry-leading innovation, and science-backed approach[.] Strongly anchored in the medical space through practitioners' recommendation, its products also span the consumer and spa segment. Obagi's ambition is to become the top professionally recommended brand in the world, by extending its portfolio into new consumer and retail channels, as well as expanding geographically to new key skin care markets.

* * *

Waldencast will be led by Founder and CEO Michel Brousset, who has over 25 years of experience leading and scaling global consumer and beauty brands at L'Oréal and Procter & Gamble. Prior to founding Waldencast, Mr. Brousset was Group President of L'Oréal North America Consumer Products. Waldencast's Co-Founder, Hind Sebti, who has over 20 years of beauty-specific operational experience at L'Oréal and Procter & Gamble will act as Chief Operating Officer. Tassilo Festetics, who will serve as Chief Financial Officer and Chief Technology Officer, has held various financial roles across multiple geographies over a nearly 15-year career at AB InBev, where he served as Global VP of Technology as well as CFO of AB InBev Asia. Felipe Dutra, who will serve as Executive Chairman of Waldencast, is the former CFO/CTO of AB InBev and has over 30 years of global experience in M&A, capital markets execution, implementation of financial and operational strategy best practices, and delivery of superior growth and shareholder value. Obagi CEO Jaime Castle and Milk Makeup CEO Tim Coolican will remain responsible for their respective businesses, reporting to Michel Brousset and working closely with the Waldencast's leadership team to accelerate profitable growth while preserving each brand's distinct DNA and entrepreneurial spirit.

* * *

Waldencast Chairman Felipe Dutra said, "The Board and I are excited about the growth opportunities that this combination can create under the outstanding leadership of Michel, Hind, Tassilo and the management teams of Obagi and Milk Makeup – who together have world-class beauty expertise with a proven track record. This transaction brings to life the Waldencast dream of building a global best-in-class beauty and wellness multi-brand platform, and I am honored to be a part of this journey."

Details of the transaction:

Under the terms of the definitive merger agreement, the transaction is valued at a proforma enterprise value of approximately \$1.2 billion. The transaction will be funded by \$345 million of IPO cash proceeds (subject to any redemptions); a fully committed \$333 million Forward Purchase Agreement of which \$160 million is provided by the sponsors (Waldencast Long-Term Capital LLC and Dynamo Master Fund); a fully committed \$105 million PIPE priced at \$10.00 per share; and \$475 million of Seller rollover equity. Obagi's and Milk Makeup's existing shareholders are expected to hold equity of 20.5% and 14.9% respectively (without giving effect to any redemptions), in Waldencast.

The transaction includes significant sponsor alignment with other shareholders in the form of the \$160m FPA committed capital. Notably, the leadership team of Waldencast will directly operate the combined business with a focus on driving growth and shareholder value.

The business combination has been unanimously approved by the boards of Waldencast, Obagi, and Milk Makeup. The combination with Obagi and Milk Makeup is expected to close in the first half of 2022, subject to, among other things, approval by Waldencast shareholders and the satisfaction, or waiver, of other customary closing conditions. Upon the closing of the transactions with Obagi and Milk Makeup, both companies will become part of the Waldencast portfolio, and listed on Nasdaq under the symbol “WALD.”

28. On July 25, 2022, Legacy Waldencast issued a press release in which it announced that its shareholders voted to approve the business combination with Obagi and Milk (the “Merger”). The July 25 Press Release further stated:

The closing of the business combination is expected to occur on or around July 27, 2022, subject to the satisfaction or waiver of all closing conditions. *Upon the closing of the transactions with Obagi Skincare and Milk Makeup, both companies will become part of the Waldencast portfolio, and the combined company, Waldencast plc, will be listed on Nasdaq under the symbol “WALD”.*

This three-way transaction with Obagi Skincare and Milk Makeup is a first step in Waldencast’s strategy to create a global best-in-class multi-brand beauty and wellness platform.

(Emphasis added).

29. On July 27, 2022, the Merger was consummated.

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements Issued During the Class Period

30. On July 7, 2022, Legacy Waldencast filed with the SEC its definitive proxy on Form 424B3 (the “Proxy”) to solicit votes for its July 25, 2022 Special Meeting to approve the planned merger with the then-private Obagi Global Holdings Limited (“Obagi”) and for the purchase of all the issued and outstanding membership interests of Milk Makeup LLC (“Milk Makeup”), whereby Obagi, Milk Makeup, and Legacy Waldencast would come together to form Waldencast plc, a new entity domesticated in Jersey.

31. The Proxy contained the following historical financial data for Obagi for the year ended December 31, 2021, and the three months ended March 31, 2022.

Statements of Operations Data

<i>(in thousands, except for share data)</i>	For the three months ended March 31,		For the year ended December 31,	
	2022	2021	2021	2020
Net revenue	\$ 45,706	\$ 36,341	\$ 206,069	\$ 84,145
Total operating expenses	48,042	31,316	187,995	92,118
Operating (loss) income	(2,336)	5,025	18,074	(7,973)
Other expense (income):				
Interest expense	2,829	2,005	11,156	6,281
Loss on extinguishment of debt	—	2,317	2,317	—
Gain on PPP Loan forgiveness	—	—	(6,824)	—
Other expense, net	8	26	194	11
Income tax (benefit) expense	(79)	86	11,301	(5,094)
Net (loss) income	\$ (5,094)	\$ 591	\$ (70)	\$ (9,171)
Net (loss) income per share of common stock - Basic and Diluted	\$ (0.64)	\$ 0.07	\$ (0.01)	\$ (1.14)
Weighted average shares of common stock outstanding - Basic and Diluted	8,000,002	8,000,002	8,000,002	8,000,002

32. The above figures were materially false and misleading.

33. The Proxy contained the following risk disclosure, which pertained to Obagi.

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

We market our products outside of the U.S. ***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. 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.***

(Emphasis added).

34. This statement was materially false and misleading because, by the time it was made, Obagi had failed to obtain the necessary regulatory approvals in Vietnam to sell its products.

35. The Proxy contained the following risk disclosure:

Waldencast and, following the Business Combination, Obagi and Milk, may face litigation and other risks as a result of the material weakness in Waldencast's internal control over financial reporting.

As a result of such material weakness describe above, and other matters raised or that may in the future be raised by the SEC, Waldencast and, following the Business Combination, Obagi and Milk, face potential for litigation or other disputes which may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from the material weakness in our internal control over financial reporting and the preparation of our financial statements. As of the date of this proxy statement/prospectus, Waldencast has no knowledge of any such litigation or dispute. However, Waldencast can provide no assurance 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 Waldencast's business, results of operations and financial condition or its ability to complete a the Business. (SIC)

36. This statement was materially false at the time that it was made, considering that the Proxy contained materially false financial figures and spoke of hypothetical risks regarding Obagi's regulatory approvals in foreign countries when, in reality, those risks had already materialized.

37. On August 11, 2022, Waldencast filed with the SEC a current report on Form 6-K (the "August 11 Current Report"). Attached to the August 11 Current Report was an exhibit

with supplemental information for Obagi’s (now a Company subsidiary) financial performance for the six-months ended June 30, 2022. It contained the following slide:

OBAGI GLOBAL HOLDINGS LIMITED		
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME		
(UNAUDITED)		
(In thousands of U.S. dollars, except share and per share data)		
	Six months ended	
	June 30,	
	2022	2021
Net revenue	\$ 106,440	\$ 94,204
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	24,701	23,463
Selling, general and administrative	68,418	45,698
Research and development	3,262	2,534
Depreciation and amortization	7,369	6,936
Total operating expenses	103,750	78,631
Operating income	2,690	15,573
Interest expense	5,719	5,041
Loss on extinguishment of debt	-	2,317
Gain on PPP Loan forgiveness (Note 9)	-	(6,824)
Other (income) expense, net	(74)	145
(Loss) income before income taxes	(2,955)	14,894
Income tax (benefit) expense	(40)	1,948
Net (loss) income	(2,915)	12,946
Other comprehensive Income—Foreign currency translation adjustments, net of tax	63	1
Comprehensive (loss) income	\$ (2,852)	\$ 12,947
Net (loss) income per share of common stock — Basic and diluted	\$ (0.36)	\$ 1.62
Weighted average shares of common stock outstanding — Basic and diluted (Note 12)	8,000,002	8,000,002

See accompanying notes to condensed consolidated financial statements.

38. This information was materially false and misleading due to certain financial errors stemming from the Company’s failure in renewing importation licenses in Vietnam.

39. Also attached to the August 11 Current Report was an exhibit titled “Waldencast plc Quarterly Report for the three and six months ended June 30, 2022”. This exhibit contained the following discussion of the Company’s internal controls:

Disclosure controls and procedures are controls and other procedures that are designed to ensure 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 SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is

accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer (who serves as our Principal Executive Officer and Principal Financial and Accounting Officer), to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2022. Based upon this evaluation, our Chief Executive Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) *were not effective due to the material weakness which resulted in errors related to the Company's accounting for complex financial instruments, such as the accounting classification of our Public Warrants and Private Placement Warrants*, as well as of a portion of Class A ordinary shares subject to possible redemption previously included in shareholders' deficit.

In light of this material weakness, *we performed additional analysis as deemed necessary to ensure that our unaudited condensed financial statements were prepared in accordance with GAAP*. 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 unaudited condensed financial statements. Our plans for enhancement include providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting applications. The elements of our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects.

Except for the material weakness described above, there was no change in our internal control over financial reporting that occurred during the quarter ended June 30, 2022, other than the circumstances described above that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

(Emphasis added).

40. This statement was materially false and misleading at the time it was made because it omitted internal control weaknesses and accounting issues, which stemmed from the Company's lapse in renewing importation licenses in Vietnam.

41. On November 10, 2022, the Company filed with the SEC a current report on Form 6-K (the "November 10 Current Report"). Attached to the November 10 Current Report was a press release which contained the following financial statements:

Condensed Consolidated Statements of Operations (UNAUDITED) ⁽¹⁾

U.S. Dollars (in thousands)	Successor (Waldencast)	Predecessor (Obagi)	
	2022	2022	2021
	Period from July 28 to September 30	Period from July 1 to July 27	Period from July 1 to September 30
Net revenue	\$ 73,445	\$ 2,834	\$ 58,510
Cost of goods sold (2)	27,505	980	12,668
Gross profit	45,940		
Selling, general and administrative	38,667	6,921	35,099
Research and development	1,404	331	2,496
Depreciation and amortization	10,935	1,080	3,565
Total operating expenses	51,006	9,312	53,828
Operating (loss) income	(5,066)	(6,478)	4,682
Interest expense	2,321	953	3,058
Forgiveness of Paycheck Protection Loan	(13)	-	-
Other expenses, net	(724)	32	106
Total other expenses—net	1,584	985	3,164
Income (loss) before income taxes	(6,650)	(7,463)	1,518
Income tax expense	740	153	164
Net (loss) income	\$ (7,390)	\$ (7,616)	\$ 1,354
Net income attributable to non-controlling interests	257		
Net (loss) income attributable to shareholders	(7,647)		

(1) Waldencast is in the process of finalizing its business combination accounting and disposal of the former Obagi China Business (as defined below). All related estimates are subject to change.

(2) The cost of goods sold in the predecessor periods excludes product-related amortization expense.

Adjusted EBITDA reconciliation ⁽¹⁾ for the period ended September 30, 2022 – Waldencast plc

U.S. Dollars (in thousands)	2022				2021	
	Period from July 28 to September 30 (Successor period)				Period from July 1 to July 27 (Predecessor period)	Three months ended September 30 (Predecessor period)
	Obagi	Milk	Waldencast			
			Corp.	Waldencast	Obagi	Obagi
Net Income (Loss)	\$ 3,965	\$ (2,656)	\$ (8,699)	\$ (7,390)	\$ (7,616)	\$ 1,354
China carve-out	-	-	-	-	340	(1,063)
Adjusted For:						
Depreciation and amortization	8,991	2,987	-	11,978	1,080	3,565
Interest expense, net	-	-	2,321	2,321	945	3,058
Income tax expense	740	-	-	740	153	164
Stock-based compensation expense	2,048	254	850	3,152	-	-
Transaction costs	1,002	135	3,610	4,747	1,968	649
Inventory fair value adjustment	2,782	1,558	-	4,340	-	-
Impact of China related party sales	155	-	-	155	-	-
Foreign currency transaction	(287)	(415)	-	(702)	4	-
Disposal of assets	-	(3)	-	(3)	35	-
Restructuring costs	20	-	-	20	2	78
Adjusted EBITDA	\$ 19,416	\$ 1,860	\$ (1,918)	\$ 19,358	\$ (3,089)	\$ 7,805
Net Sales	\$ 57,576	\$ 15,869	\$ -	\$ 73,445	\$ 2,834	\$ 58,510
Adjusted EBITDA %	33.7%	11.7%	N/A	26.4%	-109.0%	13.3%

(1) Waldencast is in the process of finalizing its business combination accounting and disposal of the former Obagi China Business (as defined below). All related estimates are subject to change.

42. On November 25, 2022, the Company filed with the SEC a current report on Form 6-K/A. Attached to this current report was a corrected Q3 2022 Earnings Presentation (the “Presentation”).

43. The Presentation contained this image.



44. This slide was materially false and misleading at the time it was made due to its characterization of Obagi having a “robust financial and operational backbone”, given Obagi’s accounting and regulatory challenges stemming from its failure to renew import licenses in Vietnam.

45. On March 6, 2023, Defendants Brousset and Gautier participated in the Raymond James 2023 Institutional Investors Conference. At this conference, Defendant Brousset stated that “in the case of Obagi internationalization. Today, we have a *nascent robust, but nascent* business in Southeast Asia.” (SIC) (emphasis added).

46. This statement was materially false and misleading at the time it was made due to accounting and regulatory challenges stemming from Obagi’s failure to renew the applicable import licenses in Vietnam.

47. On March 13, 2023, Waldencast issued a press release entitled “Company Moves Fourth Quarter Fiscal 2022 Earnings Call to April 26, 2023.” In this press release, it stated that it had signed a binding letter of intent to acquire a 60% controlling interest in an entity comprised of its Southeast Asia distributor. Waldencast further stated:

This transaction will further accelerate Waldencast’s growth in a key strategic region for the Company. The skincare market in Southeast Asia is approximately [\$11 billion] and growing rapidly. ***The Obagi brand has achieved critical mass in this market, with widespread support from the dermatological community, and is poised for even faster growth with the benefit of Waldencast’s majority ownership and investment resources.***

(Emphasis added).

48. This statement was materially false and misleading at the time it was made because it omitted that Waldencast was facing accounting and regulatory challenges stemming from Obagi’s failure to renew the applicable import licenses in Vietnam.

49. The statements contained in ¶¶ 30, 31, 33, 35, 37, 39, 41, 42, 43, 45 and 47 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company’s business, operations and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Waldencast downplayed the severity of material weaknesses regarding internal controls over financial reporting; (2) financial statements provided during the Class Period and in the Proxy included certain errors; (3) Waldencast did not disclose its regulatory risk in Vietnam stemming from its failure to renew certain importation licenses; (4) as a result, Waldencast would need to restate the aforementioned financial statements; and (5) as a result, Defendants’ statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all relevant times.

THE TRUTH BEGINS TO EMERGE

50. On May 5, 2023, after market hours, the Company issued a current report on Form 6-K, in which it announced that it had received a notice from Nasdaq related to its delay in filing its 2022 Annual Report on Form 20-F.

51. The 6-K announced in relevant part:

[T]he Company was unable to file the Form 20-F within the prescribed time period without unreasonable effort or expense because of an ongoing review of the Company's year-end 2022 financial statements and related issues. ***The Company is conducting an analysis pertaining to, among other things, certain accounting issues in connection with the sale of certain Obagi Cosmeceuticals LLC products for the Vietnam market.*** The Company's Audit Committee is conducting an independent review, with the assistance of outside counsel, of the circumstances surrounding these issues to determine, among other things, whether certain accounting adjustments are necessary. ***This review arose from concerns regarding the lapse in renewing importation licenses in Vietnam, which are still pending, and related effects, triggering, among other things, the need for further analysis under Accounting Standards Codification Topic 606 with respect to the collectability of the relevant revenue during that period.*** The Company's management and the Audit Committee are also reviewing the effectiveness of the Company's controls over its disclosure and internal accounting and financial reporting for the year ended December 31, 2022.

The Company has been working diligently to seek to resolve these accounting issues; however, given the complexity and scope of these issues, the Company was unable to complete and file the Form 20-F by the prescribed due date without unreasonable effort and expense, and as a result, on May 2, 2023, the Company filed a Form 12b-25 with the SEC to extend the Form 20-F filing due date to May 16, 2023. ***The Company currently anticipates filing the Form 20-F as promptly as practicable following the resolution of the above noted issues.***

(Emphasis added).

52. On this news, Waldencast's share price fell \$0.27, or 2.94%, to close at \$8.91 on May 8, 2023, the next trading day.

53. On July 5, 2023, after market hours, the Company filed a current release on Form 6-K announcing its non-reliance on previously issued financial statements and the related audit report. The current report states in relevant part:

On July 4, 2023, the management of Waldencast plc (the “Company”) and the Audit Committee (the “Audit Committee”) of the Company’s Board of Directors (the “Board”) concluded that the previously issued (i) annual financial statements of Obagi Global Holdings Limited (“Obagi”), *as of and for the year ended December 31, 2021*, and associated report of the Company’s independent registered public accounting firm, Deloitte & Touche LLP (“Deloitte”), (ii) the interim financial statements of Obagi *as of and for the periods ended March 31, 2022, and June 30, 2022*, and (iii) *press releases, earnings releases, and investor communications describing the Company’s financial performance for the periods ended March 31, 2022, June 30, 2022 and September 30, 2022* (collectively (i), (ii) and (iii), the “Relevant Periods”), should no longer be relied upon because the Company expects to restate the aforementioned financial statements and financial information for the relevant reporting periods linked to the revenue recognition as applicable to: (A) *Obagi’s sales activity to its Southeast Asia distributor during the second half of fiscal year 2022* and (B) *marketing and other services purportedly performed by certain of Obagi’s distributors*.

As previously disclosed, the Audit Committee, with the assistance of outside counsel, conducted an independent review pertaining to, among other things, certain *accounting issues in connection with the sale of Obagi products for the Vietnam market, which arose from concerns following the lapse in renewing certain product registrations in Vietnam and related accounting issues*. Such product registrations were ultimately renewed in June 2023. The extended renewal process, and related effects, triggered, *among other things, the need for further analysis under Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, with respect to the collectability of the relevant revenue during the second half of fiscal year 2022. At this time, the Company expects the revenue in connection with sales of its Obagi products for the Vietnam market during the second half of fiscal year 2022 to be reduced to zero from its prior expectation of approximately \$33 million*, which the Company expects will be partially offset by a reversal of costs of goods sold of approximately \$10 million and selling and general and administrative costs of approximately \$3 million.

In addition, during the course of the review, the Company revisited the accounting used by Obagi during the Relevant Periods with respect to the recording of revenue for payments and discounts provided to certain Obagi distributors for marketing and other services purportedly performed by such distributors, which had never been used in the Milk Makeup LLC (“Milk Makeup”) business, and determined that such methodology will no longer be used by the Company, nor any of its subsidiaries. The Company believes that the determination of fair value for these services, along with the related recording of revenue and expenses, for some of these arrangements were not adequately supported, and accordingly, the Company concluded that the recorded amounts for marketing and other services performed by all distributors should be removed from Obagi’s and the Company’s

revenue and expense items for the Relevant Periods. At this time, the Company expects (i) the revenue to be adjusted downward in connection with this matter by approximately \$40 million and \$41 million for fiscal years 2022 and 2021, respectively; and (ii) for these amounts to be offset on a dollar-for-dollar basis as a result of a decrease in expenses, so that this change in accounting methodology is not expected to result in any change in the Company's net income, Adjusted EBITDA (as defined below) or cash flow.

The non-reliance decision was also informed by an independent review undertaken by the Audit Committee, with the assistance of outside counsel, of the circumstances surrounding these issues to determine, among other things, whether certain accounting corrections are now necessary. The above-described expected adjustments are current estimates and still subject to change. Moreover, although the Audit Committee's independent review described above has substantially concluded, there can be no assurance that the ongoing review will not result in further adjustments to the financial statements.

The Company intends to restate its consolidated financial statements for the Relevant Periods in its Annual Report on Form 20-F for the year ended December 31, 2022 (the "2022 Form 20-F").

In connection with the restatement, management of the Company has determined that a material weakness existed in the Company's internal control over financial reporting during the Relevant Periods. The Company is continuing to evaluate, modify where necessary, and implement its plan to remediate the material weakness. The current remediation plan, which will be described in more detail in the 2022 Form 20-F, includes implementing changes in processes and controls intended to remediate the material weakness, as well as implementing certain personnel changes.

(Emphasis added.)

54. On this news, Waldencast's share price fell \$0.76, or 10.2%, to close at \$6.63 on July 6, 2023, damaging investors.

55. Then, on January 16, 2024, before the market opened, the Company filed with the SEC its second annual report on Form 20-F for the year ended December 31, 2022 (the "2022 Annual Report"), which contained the restated financial figures at issue.

56. The 2022 Annual Report included the following graphs, showing the restated figures:

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

Net Revenue

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

	Successor (Waldencast)		Predecessor (Obagi)	
	From July 28, 2022 to December 31, 2022		From January 1, 2022 to July 27, 2022	Year ended December 31, 2021 (As Restated)
<i>(In thousands)</i>				
Revenue by Sales Channel				
Direct sales	\$	60,468	\$ 39,649	\$ 68,181
Distributors		29,917	31,080	68,578
Net product sales	\$	90,385	\$ 70,729	\$ 136,759
Royalties		1,988	3,031	5,713
Net revenue	\$	92,373	\$ 73,760	\$ 142,472

57. The 2022 Annual Report contained the following disclosure:

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.

As a result of the restatement of our financial results for the Predecessor Periods, 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 investigation by the SEC and may be exposed to a number of additional risks and uncertainties, including (i) potential litigation or other disputes 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; (ii) unanticipated costs for accounting, advisory and legal fees in connection with or related to the restatement and/or investigation; (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, we have no knowledge of any 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. 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.

(Emphasis added).

58. On this news, the price of Waldencast stock fell \$1.57 per share, or 15.28%, to close at \$8.70 on January 16, 2024.

59. Then, on January 31, 2024, after the market closed, the Company filed a current report in which it announced, in pertinent part, that Defendant Gautier had “resigned from his role as Chief Financial Officer and Chief Operating Officer, effective January 31, 2024.”

60. On this news, the price of Waldencast stock fell \$0.66 per share, or 9.36%, to close at \$6.39 on February 1, 2024.

61. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s common shares, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

62. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than defendants who acquired Waldencast securities publicly traded on the NASDAQ during the Class Period, and who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the

officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

63. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, the Company's securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

64. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

65. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

66. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of the Company;

- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused the Company to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of the Company's securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

67. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

68. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- the Company's securities met the requirements for listing, and were listed and actively traded on the NASDAQ, an efficient market;
- as a public issuer, the Company filed public reports;

- the Company communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- the Company's securities were liquid and traded with moderate to heavy volume during the Class Period; and
- the Company was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

69. Based on the foregoing, the market for the Company securities promptly digested current information regarding the Company from all publicly available sources and reflected such information in the prices of the common units, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

70. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

COUNT I
For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder
Against All Defendants

71. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

72. This Count asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

73. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

74. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of the Company's securities during the Class Period.

75. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them

privity to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

76. Individual Defendants, who are or were senior executives and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Company's personnel to members of the investing public, including Plaintiff and the Class.

77. As a result of the foregoing, the market price of the Company's securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of the Company's securities during the Class Period in purchasing the Company's securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

78. Had Plaintiff and the other members of the Class been aware that the market price of the Company's securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased the Company's securities at the artificially inflated prices that they did, or at all.

79. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

80. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members

of the Class for substantial damages which they suffered in connection with their purchase of the Company's securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

81. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

82. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information about the Company's misstatement of revenue and profit and false financial statements.

83. As officers of a public business, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

84. Because of their positions of control and authority as senior executives and/or directors, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act.

In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Company securities.

85. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

COUNT III

Violation of Section 14 of the Exchange Act and Rule 14(a)(9) Promulgated Thereunder Against the Company and the Director Defendants.

86. Plaintiff incorporates by reference and realleges each and every allegation contained above as though fully set forth herein, except any allegation of fraud, recklessness, or intentional misconduct.

87. This Count does not sound in fraud. Plaintiff does not allege that the Director Defendants had scienter or fraudulent intent with respect to this Count as they are not elements of a Section 14(a) claim.

88. SEC Rule 14a-9, 17 C.F.R. § 240.14a-9, promulgated pursuant to Section 14(a) of the Exchange Act, provides:

No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

89. The Director Defendants prepared and disseminated the false and misleading Proxy specified above, which failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in violation of Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder.

90. By virtue of their positions within Legacy Waldencast and their due diligence regarding the Merger, the Director Defendants were aware of this information and of their duty to disclose this information in the Proxy. The Proxy was prepared, reviewed, and/or disseminated by the Defendants named herein. The Proxy misrepresented and/or omitted material facts, as detailed above. Defendants were at least negligent in filing the Proxy with these materially false and misleading statements.

91. As stated herein, the Proxy contained untrue statements of material fact and omitted to state material facts necessary to make the statements made not misleading in violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder. The Proxy was an essential link in the consummation of the Merger. The Director Defendants also failed to correct the Proxy prior to the Merger and the failure to update and correct false statements is also a violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder.

92. As a direct result of the Director Defendants' negligent preparation, review and dissemination of the false and/or misleading Proxy, Plaintiff and the Class were precluded from exercising their right to seek redemption of their Legacy Waldencast shares prior to the Merger on a fully informed basis and were induced to vote their shares and accept inadequate consideration in connection with the Merger. The false and misleading Proxy used to obtain shareholder approval of the Merger deprived Plaintiff and the Class of their right to a fully informed shareholder vote in connection therewith and the full and fair value for their Legacy Waldencast shares. At all times relevant to the dissemination of the materially false and/or misleading Proxy, the Director Defendants were aware of and/or had access to the true facts concerning the true value of Obagi, which was far below the operational assets that shareholders

received. Thus, as a direct and proximate result of the dissemination of the false and misleading Proxy that the Director Defendants used to obtain shareholder approval of and thereby consummate the Merger, Plaintiff and the Class have suffered damages and actual economic losses in an amount to be determined at trial.

93. The omissions and false and misleading statements in the Proxy were material in that a reasonable stockholder would have considered them important in deciding how to vote on the Merger. In addition, a reasonable investor would view a full and accurate disclosure as significantly altering the “total mix” of information made available in the Proxy and in other information reasonably available to stockholders.

94. By reason of the foregoing, Defendants have violated Section 14(a) of the Exchange Act and Rule 14a-9(a) promulgated thereunder.

COUNT IV
Violation of Section 20(a) of the Exchange Act of 1934
Against the Director Defendants

95. Plaintiff incorporates and repeats each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

96. The Director Defendants acted as controlling persons of Legacy Waldencast within the meaning of Section 20(a) of the Exchange Act, as alleged herein. By virtue of their positions as officers and/or directors of Legacy Waldencast, and participation in, and/or awareness of Legacy Waldencast’s operations, and/or intimate knowledge of the Proxy filed with the SEC, they had the power to influence and control, and did influence and control, directly or indirectly, the decision-making of Legacy Waldencast with respect to the Proxy, including the content and dissemination of the various statements in the Proxy that are materially false and misleading, and the omission of material facts specified above.

97. Each of the Director Defendants was provided with or had unlimited access to copies of the Proxy and other statements that were false and misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

98. Each of the Director Defendants had direct and supervisory involvement in the negotiation of the Merger, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations alleged herein, and exercised the same. In particular, the Proxy at issue references the unanimous recommendation of the Board to approve the Merger, and recommends that Lionheart stockholders vote for the Merger. The Director Defendants were thus involved in the making of the Proxy.

99. In addition, as the Proxy sets forth at length, the Director Defendants were involved in negotiating, reviewing, and approving the Merger. The Proxy purports to describe the various issues and information that the Director Defendants reviewed and considered in connection with such negotiation, review and approval.

100. By virtue of the foregoing, the Director Defendants had the ability to exercise control over and did control a person or persons who violated Section 14(a), by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these Defendants are liable under Section 20(a) of the Exchange Act.

101. Plaintiff and other Legacy Waldencast stockholders have no adequate remedy at law, and as a result of the Director Defendants' violations of Section 20(a) of the Exchange Act, are threatened with irreparable harm by virtue of being deprived of their entitlement to cast fully informed votes with respect to the Merger, as more fully explained above.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

- (a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;
- (b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;
- (c) awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated:

THE ROSEN LAW FIRM, P.A.

/s/
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