



Q2 2022 EARNINGS PRESENTATION

AUGUST 9, 2022



AGENDA

1

Opening
Remarks



2

Q2 2022 Results
& Outlook



3

Q&A



DISCLAIMER

This Presentation contains certain forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance of The Beauty Health Company (the "Company"), the calculation of certain key financial and operating metrics, capital expenditures, the introduction of new products, expansion into new markets and the ability to execute certain strategic initiatives. Some of the forward-looking statements can be identified by the use of forward-looking words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast" and other similar expressions. These are intended to identify forward-looking statements. All forward-looking statements are based upon management estimates and forecasts and reflect the views, assumptions, expectations, and opinions of the Company as of the date of this Presentation, and may include, without limitation, changes in general economic conditions as a result of COVID-19, all of which are subject to change. Any such estimates, assumptions, expectations, forecasts, views or opinions set forth in this Presentation constitute the Company's judgments and should be regarded as indicative, preliminary and for illustrative purposes only. The forward-looking statements and projections contained in this Presentation are subject to a number of factors, risks and uncertainties, some of which are not currently known to us, that may cause the Company's actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial condition. Although such forward-looking statements have been made in good faith and are based on assumptions we believe to be reasonable, there is no assurance that the expected results will be achieved. Many factors could adversely affect our business and financial performance. We discussed a number of material risks in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2022 and other filings with the Securities and Exchange Commission. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We expressly disclaim any responsibility to update forward-looking statements, whether as a result of new information, future events or otherwise.

Description of Non-GAAP Financial Measures

In addition to results determined in accordance with accounting principles generally accepted in the United States of America (GAAP), management utilizes certain non-GAAP financial measures such as adjusted gross margin, adjusted EBITDA, and adjusted EBITDA margin for purposes of evaluating ongoing operations and for internal planning and forecasting purposes. We believe these non-GAAP financial measures, when reviewed collectively with our GAAP financial information, provide useful supplemental information to investors in assessing our operating performance. These non-GAAP financial measures should not be considered as an alternative to GAAP financial information or as an indication of operating performance or any other measure of performance derived in accordance with GAAP, and may not provide information that is directly comparable to that provided by other companies in its industry, as these other companies may calculate non-GAAP financial measures differently, particularly related to non-recurring, unusual items.

Management uses adjusted gross margin to measure profitability and the ability to scale and leverage the costs of Delivery Systems and Consumables. The continued growth of Delivery Systems is expected to improve adjusted gross margin, as additional Delivery Systems sold will increase our recurring Consumables net sales, which has higher margins. Management believes adjusted gross profit and adjusted gross margin are useful measures to the Company and its investors to assist in evaluating operating performance because they provide consistency and direct comparability with past financial performance and between fiscal periods, as the metrics eliminate the effects of amortization and depreciation, which are non-cash expenses that may fluctuate for reasons unrelated to overall continuing operating performance. Adjusted gross margin has been and will continue to be impacted by a variety of factors, including the product mix, geographic mix, direct vs. indirect mix, the average selling price on Delivery Systems, and new product launches. Management expects adjusted gross margin to fluctuate over time depending on the factors described above.

Management uses adjusted EBITDA and adjusted EBITDA margin to facilitate internal comparisons of historical operating performance on a more consistent basis and uses these measures for business planning purposes. Management also believes this information will be useful for investors to facilitate comparisons of operating performance and better identify trends in the business. Management expects adjusted EBITDA margin to increase over the long-term, as the Company continues to scale and achieve greater operating leverage. The Company calculates adjusted EBITDA as net income (loss) adjusted to exclude: change in fair value of public and private placement warrants, change in fair value of earn-out shares liability, other expense, net; interest expense; income tax benefit (expense); depreciation and amortization expense; stock-based compensation expense; foreign currency (gain) loss; management fees incurred from historical private equity owners; one-time or non-recurring items such as transaction costs (including transactions costs with respect to the Business Combination); and restructuring costs (including those associated with COVID-19).

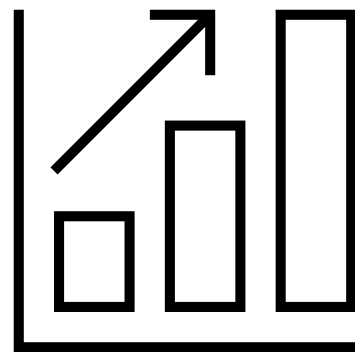
OPENING REMARKS



Andrew Stanleick
President & Chief Executive Officer

Q2 RESULTS EXCEEDED EXPECTATIONS AND DEMONSTRATED ACCELERATING MOMENTUM

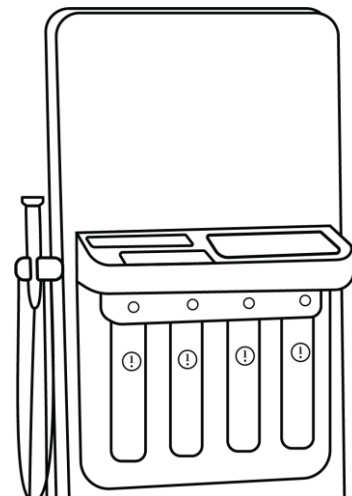
Achieved Record Quarterly
Net Sales



\$103.5mm net sales
+55.7% growth YoY

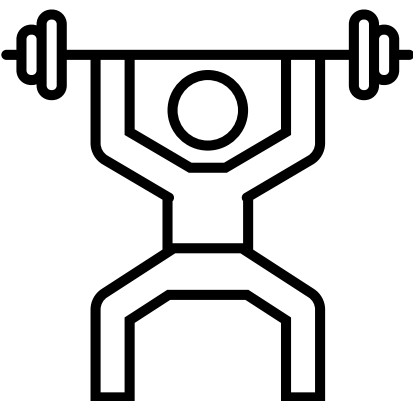
\$12.6mm adjusted EBITDA
+10.9% growth YoY

Accelerating Momentum
with System Placements



+85.4% YoY increase in
Delivery Systems net sales

Raising 2022
Guidance



\$340 – \$350mm net sales
\$50mm adjusted EBITDA

*Adjusted EBITDA margin climbing to historical
levels from 2023+*

GLOBAL STRENGTH DROVE RECORD NET SALES



AMERICAS

Accelerating Syndeo rollout

- +76.6% YoY net sales growth
- Driven by strong demand for Syndeo

EMEA

Driving penetration in existing and new channels

- +56.0% YoY net sales growth
- Driven by high conversion in marketing activations across the region

APAC

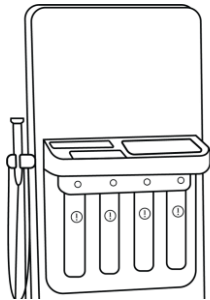
Strength in region outside of China

- (16.5%) YoY net sales decline
- Driven by COVID lockdowns in China, partly offset by strength in Australia



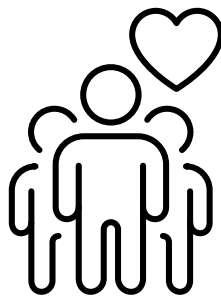
SIGNIFICANT PROGRESS ON OUR 5-POINT MASTER PLAN

1



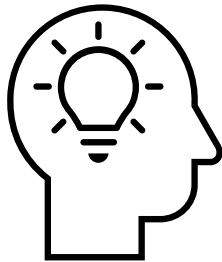
Place
systems

2



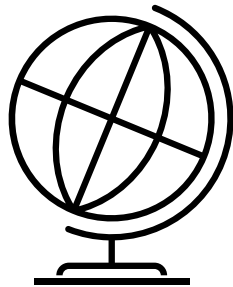
Invest in
providers

3



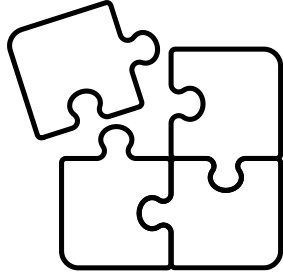
Drive brand
awareness

4



Build global
infrastructure

5



M&A

① SUCCESSFULLY EXECUTING OUR SYNDEO ROLLOUT



// **Easier to use with the no-touch system** and provides more of a personal experience for our clients.

—Provider, Fresno, CA

// **Love the app integration for consumers** and how it tracks their treatments.

—Provider, Colorado Springs, CO

2,265
Total Syndeo systems placed
+108.3% sequential growth¹

// **It's sleek, it's a sexy design.** It's quiet, so it makes the treatment room that much more relaxing for your client while giving that clinical grade treatment. **I highly recommend it. Don't walk. Run.**

—Provider, Long Beach, CA

¹ Q2 2022 Americas delivery systems sold vs Q1 2022 Americas delivery systems sold

① ACCELERATING TOWARD PLANNED 2023 GLOBAL ROLL-OUT



Phase I

Targeted, promotion-led trade-up program to reward loyal provider base

Q1
2022

Q2
2022

Q3
2022

Q4
2022

2023+



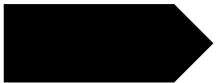
Phase II

Focused effort to place new units and grow in sizable underpenetrated US market



Phase III

Continue expansion and launch internationally



② UNITING #GUNKIEJUNKIES AT ESTIPALOOZA

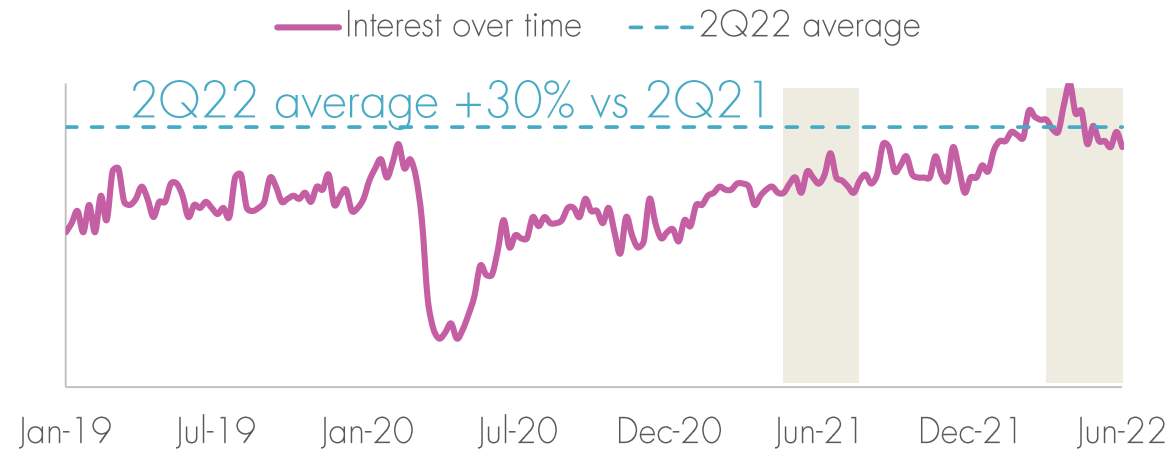


② INVESTING IN OUR PROVIDERS VIA ACTIVATIONS AND TRADE SHOWS

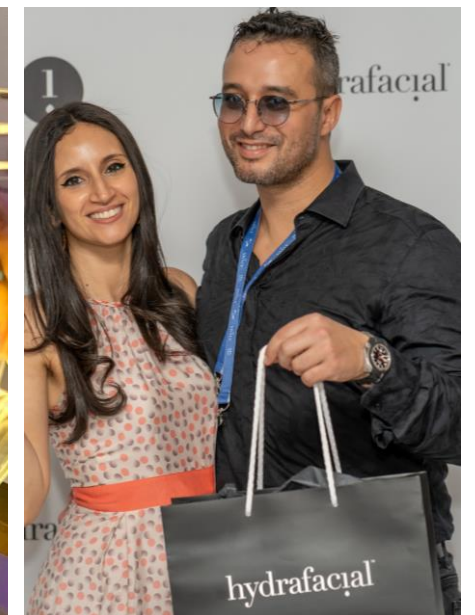
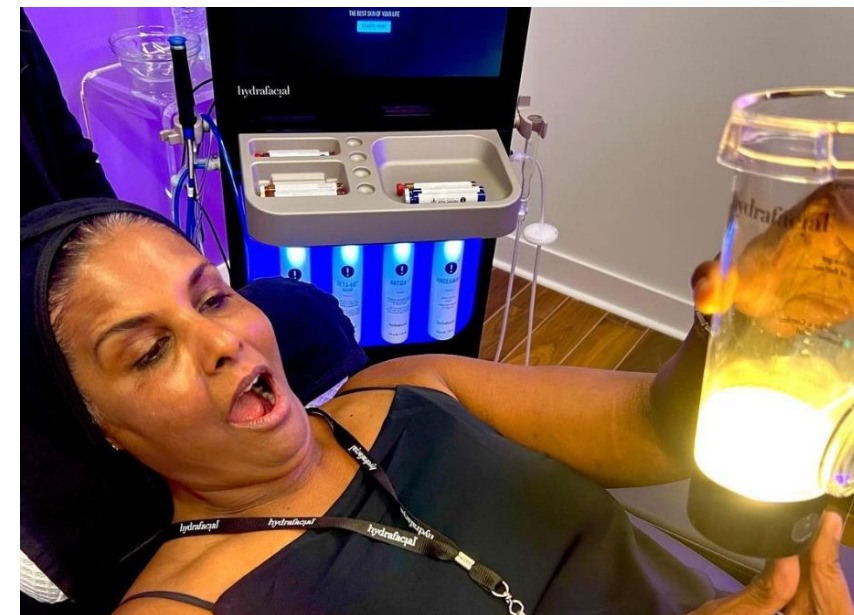
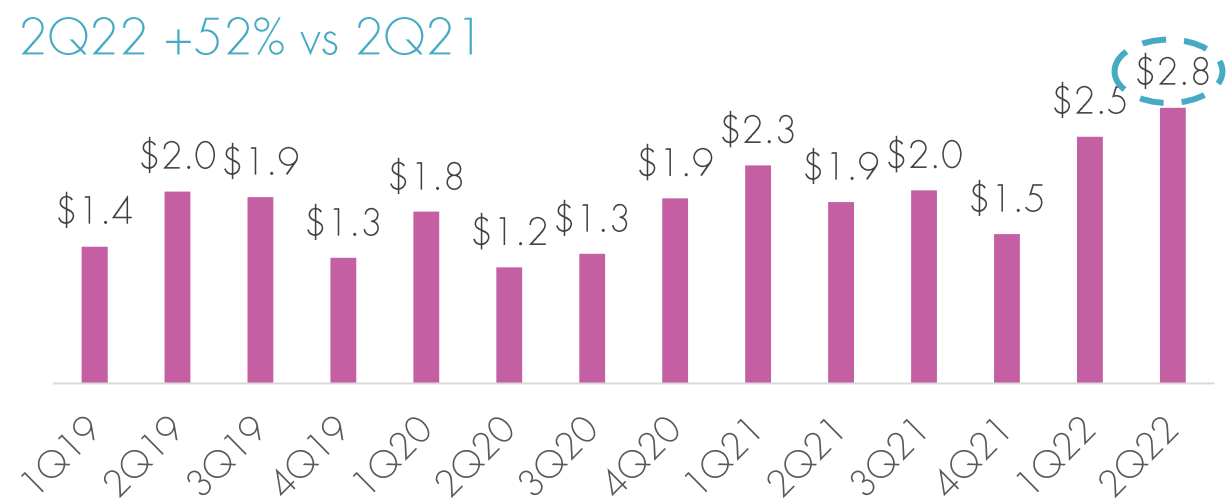


③ GENERATING RECORD CONSUMER INTEREST WITH FOCUS ON SUPER CONSUMERS

Record Google Search activity



Highest-ever quarterly earned media value (\$mm)



④ INVESTING IN GLOBAL INFRASTRUCTURE

- ✓ Full implementation and integration of international ERP by the end of 2022
- ✓ Global network optimization underway
- ✓ Key hires; experience center and global presence optimization in process



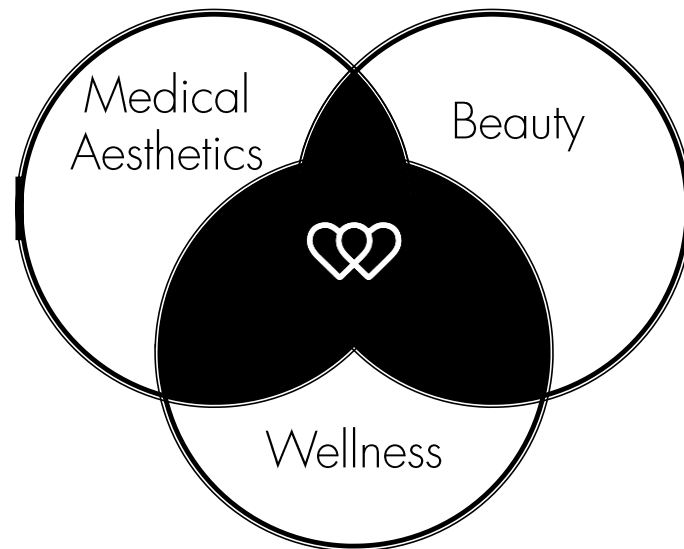
⑤ ACCELERATING THE BEAUTYHEALTH PLATFORM THROUGH M&A

Acquisition criteria

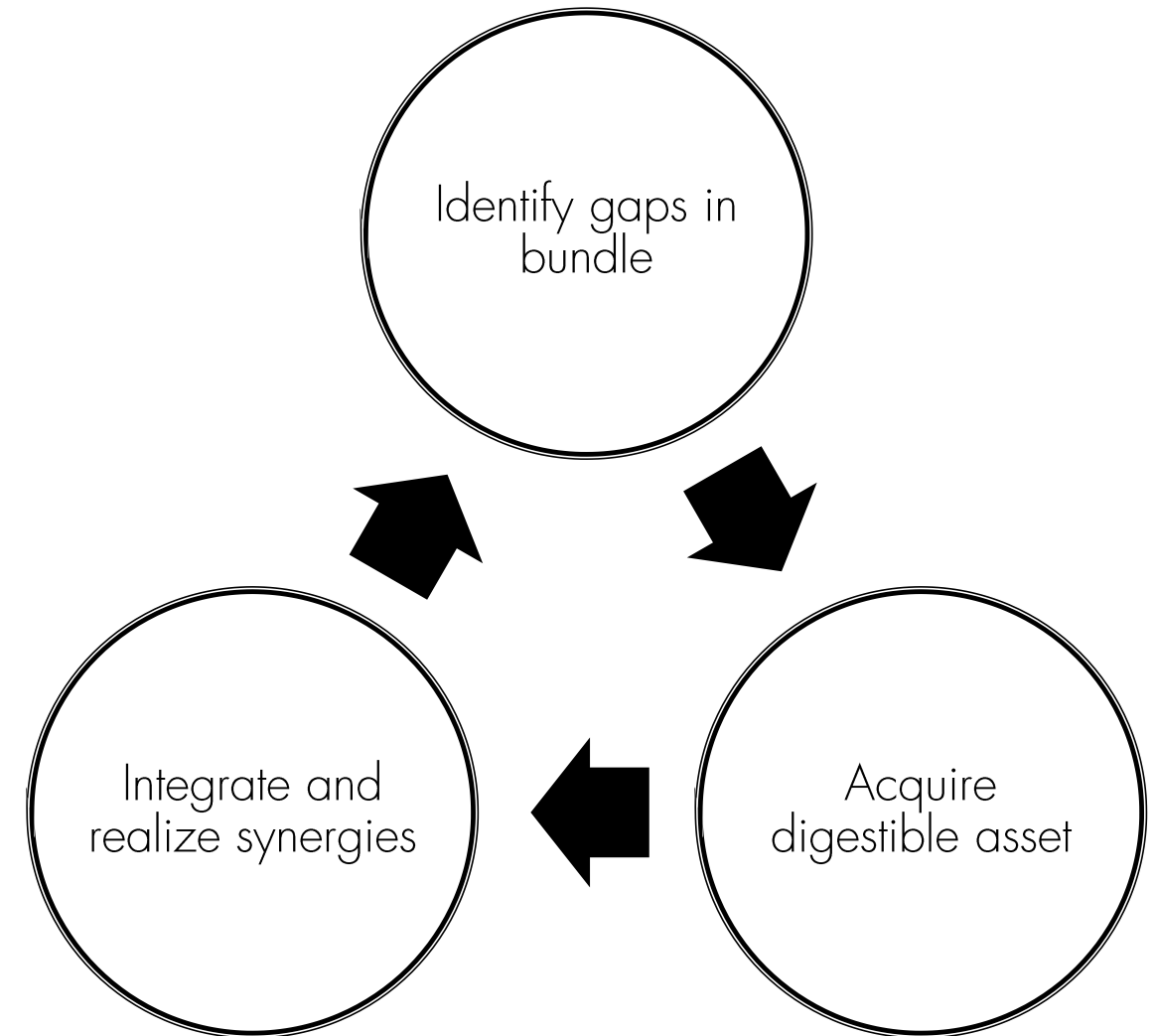
Differentiated product or service / high Net Promoter Score

Complementary to our existing platform and community, leveraging the trusted aesthetician

Financially attractive profile via compelling revenue growth, recurring revenue characteristics, and / or profitability



Playbook



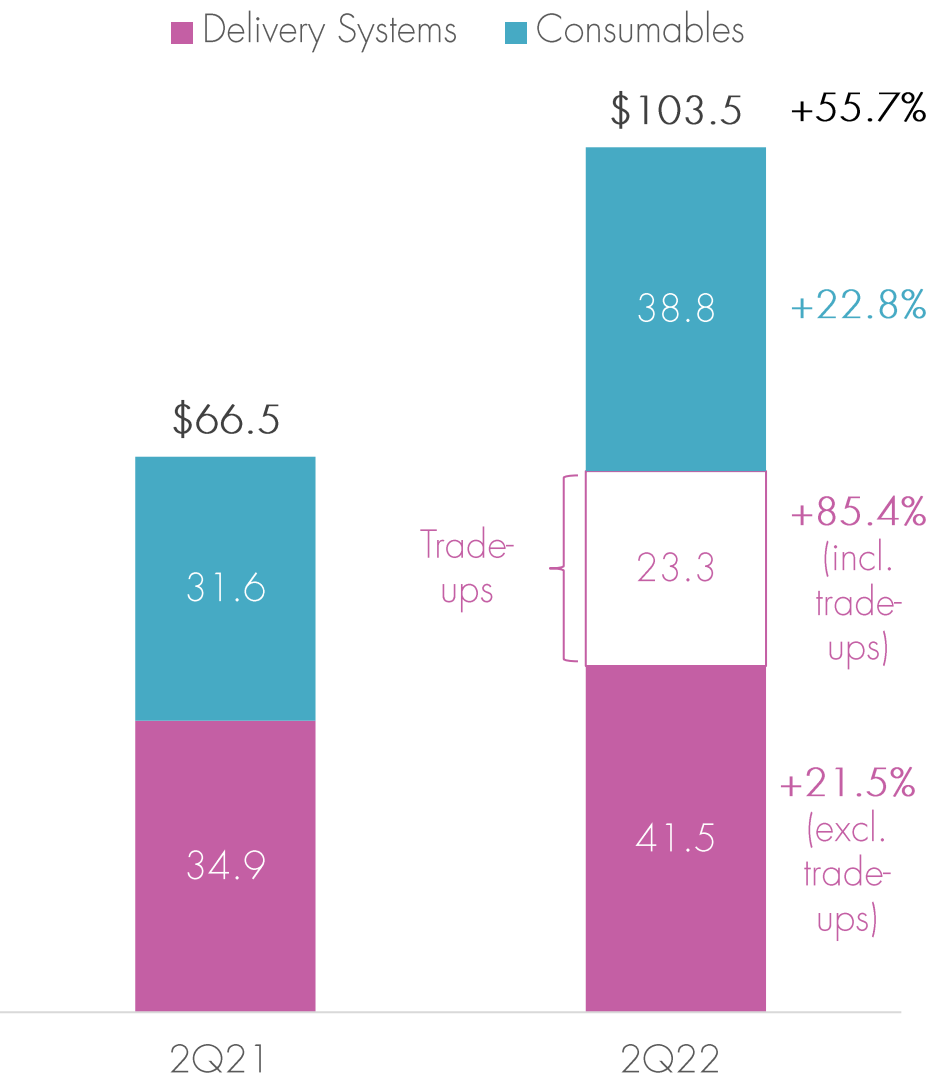
SECOND QUARTER RESULTS & 2022 OUTLOOK



Liyuan Woo
Chief Financial Officer

Q2 2022 FINANCIAL HIGHLIGHTS

Net sales by segment (\$mm)

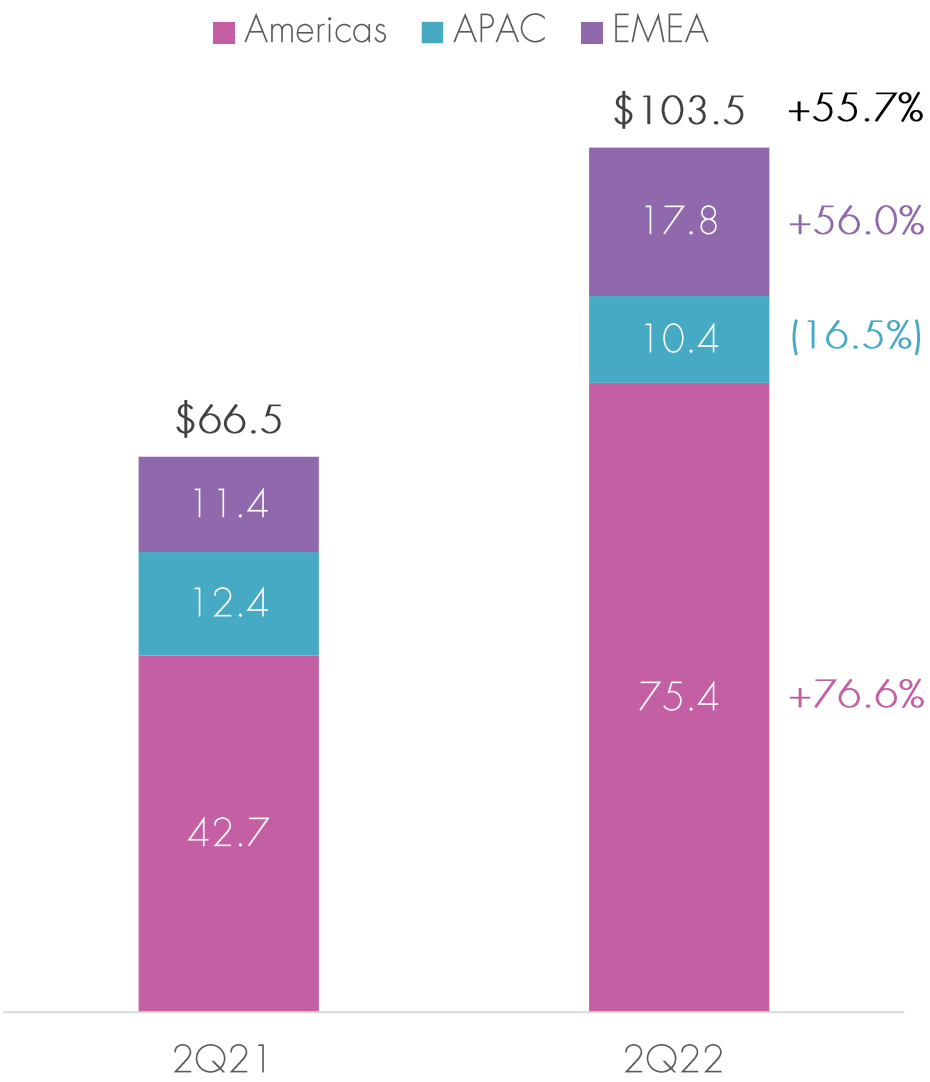


22,929
2Q22 Install Base

2,738
Delivery Systems Sold
1,535 excl. trade-ups

\$23,543
Delivery System ASP

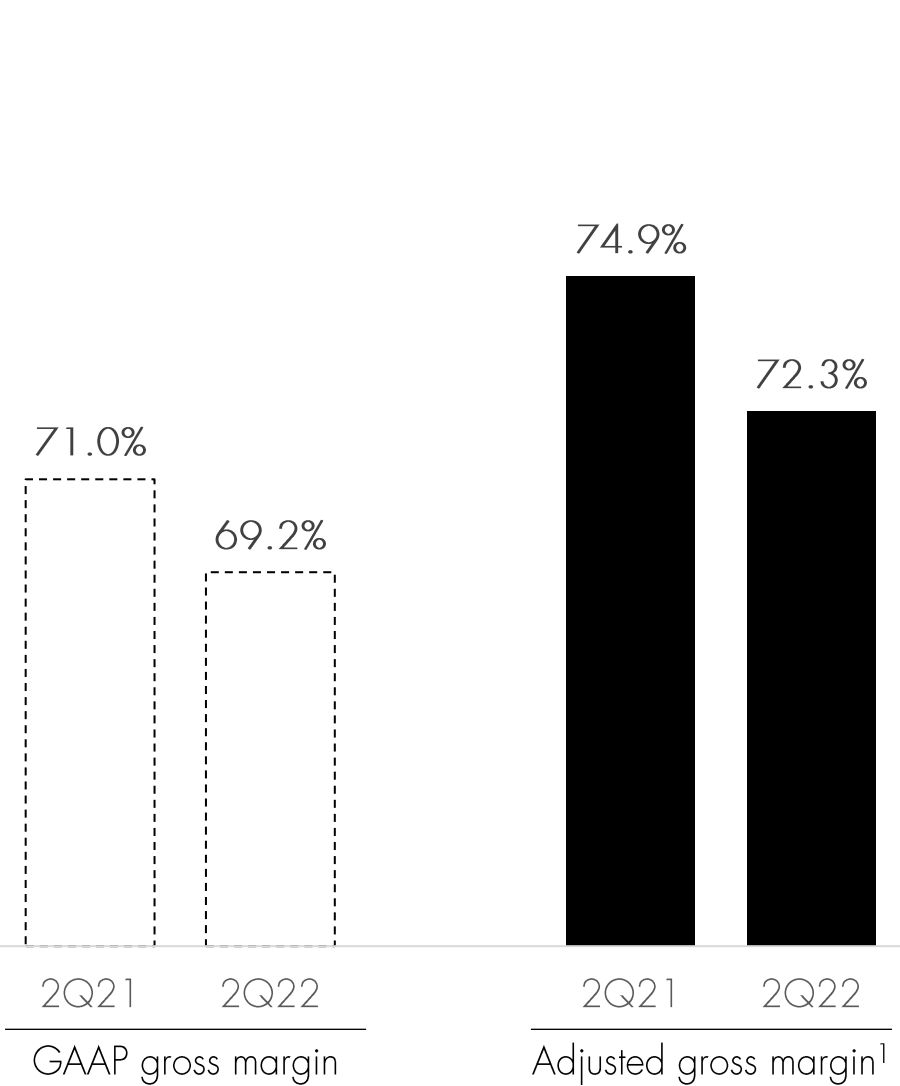
Net sales by region (\$mm)



Note: Totals and percentages may not recalculate due to rounding

Q2 2022 FINANCIAL HIGHLIGHTS (CONT'D)

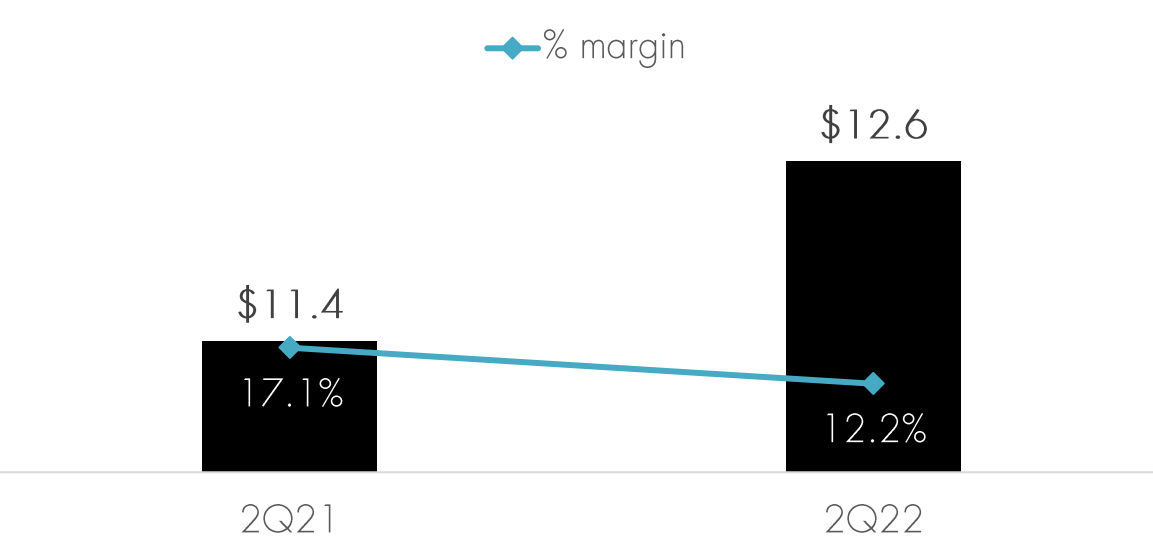
Gross margin and adjusted gross margin¹



Net income (loss) and adjusted net income (loss) (\$mm)¹



Adjusted EBITDA (\$mm)¹



¹ Non-GAAP measure; please refer to the appendix for a reconciliation to the appropriate GAAP measure

2Q22 COST DETAIL

(\$mm)					% Net Sales				Commentary
	2Q22	1Q22	2Q21	Δ 1Q22 / Δ 2Q21	2Q22	1Q22	2Q21	Δ 1Q22 / Δ 2Q21	
Gross Profit	\$71.7	\$51.9	\$47.3	\$19.7 / \$24.4	69.2%	68.9%	71.0%	0.3% / (1.8%)	Higher supply chain and logistics costs and trade-up impact from Syndeo, partly offset by margin accretion from distributor acquisitions and fixed cost leverage
Selling & Marketing	44.9	36.4	26.2	8.5 / 18.7	43.3%	48.3%	39.4%	(5.0%) / 3.9%	Higher sales commissions, global marketing activations and personnel-related expenses (2Q21); Syndeo launch costs incurred in 1Q22
G&A	27.6	26.3	44.4	1.3 / (16.8)	26.6%	34.8%	66.8%	(8.2%) / (40.1%)	Decrease in transaction costs (business combination occurred 2Q21), partly offset by stock-based compensation, personnel-related expenses, recruiting & professional fees, and legal fees
R&D	2.6	2.2	3.0	0.4 / (0.4)	2.5%	3.0%	4.5%	(0.5%) / (2.0%)	Wind-down of Syndeo-related R&D; partly offset by consulting costs with data and software hires

2Q22 BALANCE SHEET HIGHLIGHTS

Cash and Cash Equivalents

- Approximately \$821.0 million cash and cash equivalents on balance sheet¹

Warrants

- Approximately 7.0 million Private Warrants outstanding

Convertible Debt

- \$750.0 million 1.25% convertible notes due 2026
- Use of proceeds: capped call transaction, potential future acquisitions, working capital expenditures, and general corporate purposes
- Conversion price of \$31.76; capped call agreement provides dilution protection up to \$47.94

Revolving Credit Facility

- \$50.0 million Senior Secured Credit Facility remains undrawn; current undrawn commitment fee of 25 bps
- Allows flexibility for future M&A; ex-US operations unencumbered; convertible debt excluded from covenants

Shares Outstanding

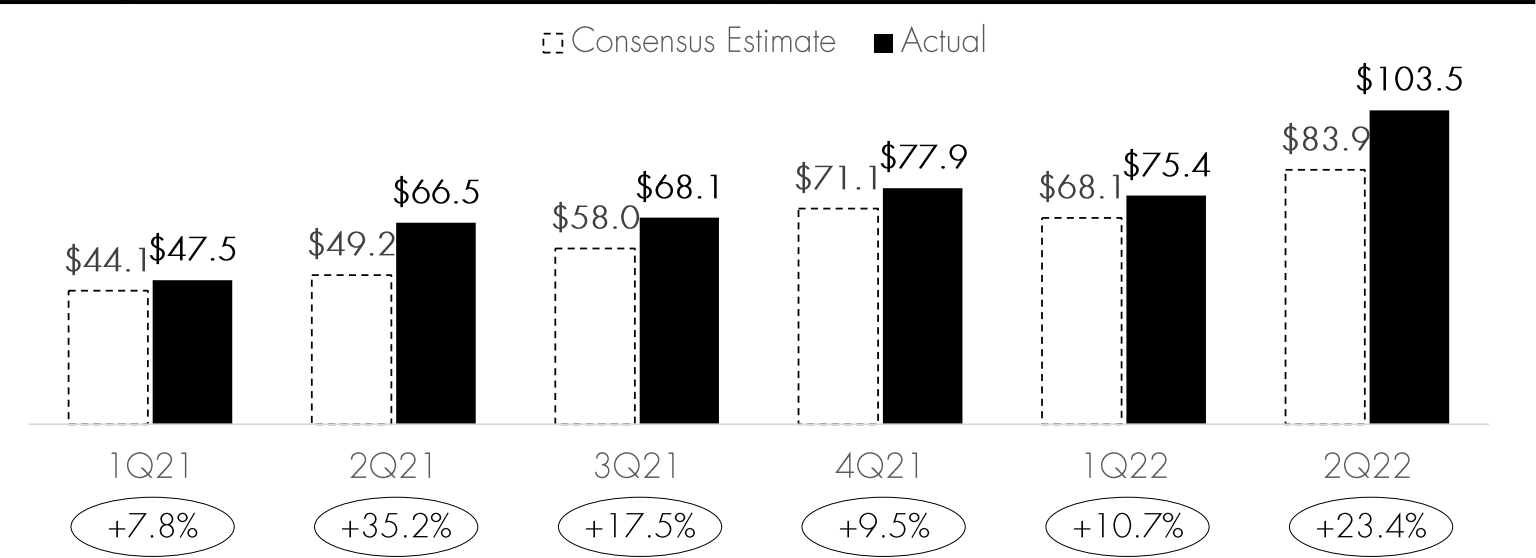
- Approximately 150.9 million current shares outstanding²

¹ Includes net proceeds of approximately \$638.7 million convertible debt issued in September 2021, which have been and / or will be used to fund potential future acquisitions, working capital expenditures, a capped call purchase agreement, and general corporate purposes

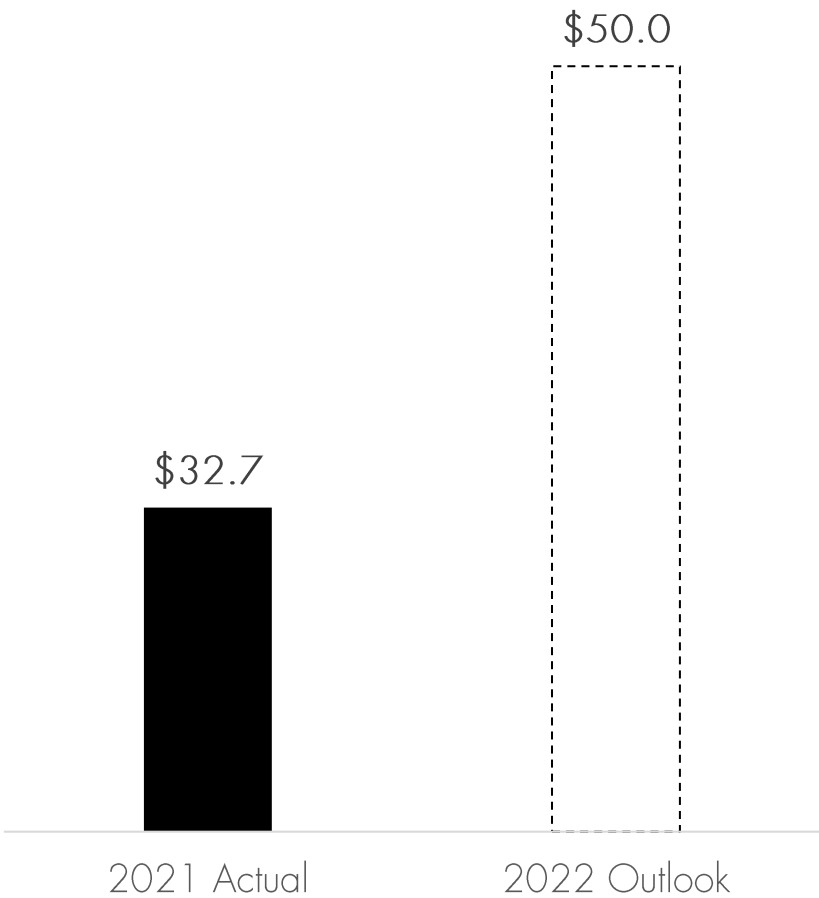
² As of 08/05/22

2022 OUTLOOK: CONFIDENCE IN OUR ABILITY TO EXECUTE

Strong track record of net sales outperformance (\$mm)



Adjusted EBITDA outlook (\$mm)¹



Net sales outlook (\$mm)



Source: FactSet complied consensus
Note: Percentages may not recalculate due to rounding
¹ Non-GAAP measure; please refer to the appendix for a reconciliation to the appropriate GAAP measure

Q&A



Andrew Stanleick
President and Chief Executive Officer



Liyuan Woo
Chief Financial Officer

APPENDIX



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Reconciliation of gross margin to adjusted gross margin

Unaudited (\$mm)	Three months ended June 30,	
	2022	2021
Net sales	\$103.5	\$66.5
Cost of sales	31.9	19.3
Gross profit (GAAP)	\$71.7	\$47.3
Gross margin (GAAP)	69.2%	71.0%
Adjusted to exclude the following:		
Stock-based compensation expense included in cost of sales	0.2	—
Depreciation and amortization expense included in cost of sales	3.0	2.6
Adjusted gross profit	\$74.8	\$49.8
Adjusted gross margin	72.3%	74.9%

Reconciliation of net income (loss) to adjusted net income (loss) and adjusted EBITDA

Unaudited (\$mm)	Three months ended June 30,		Year ended Dec-21
	2022	2021	
Net sales	\$103.5	\$66.5	\$260.1
Net income (loss)	\$7.9	(\$139.4)	(\$375.1)
Adjusted to exclude the following:			
Change in FV of warrant liability	(15.2)	72.0	277.3
Change in FV of earn-out shares liability	—	36.5	47.1
Amortization expense	3.9	3.0	13.3
Stock-based compensation expense	6.4	3.5	12.4
Other expense	(1.7)	4.3	4.5
Management fees ¹	—	0.1	0.2
Transaction related costs ²	2.0	30.4	34.9
Other non-recurring and one-time fees ³	1.9	0.1	4.0
Aggregate adjustment for income taxes	(3.1)	(2.7)	(14.1)
Adjusted net income (loss)	\$2.2	\$7.8	\$4.5
Depreciation expense	1.9	0.7	4.5
Interest expense	3.2	2.1	11.8
Foreign currency (gain) loss, net	2.2	(0.0)	0.1
Remaining benefit for income taxes	3.2	0.8	11.8
Adjusted EBITDA	\$12.6	\$11.4	\$32.7
Adjusted EBITDA margin	12.2%	17.1%	12.6%

¹ Represents quarterly management fees paid to the majority shareholder of HydraFacial based on a pre-determined formula. Following the Business Combination, these fees are no longer paid

² For the three months ended June 30, 2022, such amounts primarily represent direct costs incurred in relation to potential acquisitions. For the three months ended June 30, 2021 and year ended December 31, 2021, such amounts primarily represent direct costs incurred with the Business Combination, including \$21.0 million paid to the former owner of HydraFacial, and to prepare HydraFacial to be marketed for sale by HydraFacial's shareholders in previous periods

³ For the three months ended June 30, 2022, such costs primarily represent onetime severance costs due to a Company re-organization; For the year ended December 31, 2021, such costs primarily represent onetime retention awards related to the distributor acquisitions and executive recruiting and severance fees

WE ARE A DISRUPTOR...

DEMONSTRATING
EXCITING GROWTH...

USING A PROFITABLE &
SCALABLE BUSINESS
MODEL...

IN A MARKET WITH HUGE
GLOBAL OPPORTUNITY.