

# INVESTOR PRESENTATION

JANUARY 2022

# 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 Prospectus filed pursuant to Rule 424(b)(5) of the Securities Act on July 26, 2021 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.

This Presentation contains estimates relating to market size and other data about our industry, including research, surveys or studies conducted by third parties, information provided by customers and/or industry or general publications. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such data and estimates. While we believe that such information is reliable, we have not independently verified, and make no representation as to the accuracy of, such information.

# ABOUT THE PRESENTER



**LIYUAN WOO**

Chief Financial Officer  
Experience: 24 Years

- Joined BeautyHealth in September 2020
- Former COO and CFO of The VOID, a virtual reality entertainment company
- Served as CFO for a number of companies such as SharkNinja, Gymboree, and bebe
- Deloitte M&A and Financial Advisory Services



bebe

**Shark|NINJA**

**GYMBOREE**

**Deloitte.**

# WE ARE



Deeply Connecting You to the BeautyHealth Community Where You Live, Work & Play

## CONSUMER

We take the consumer's view,  
providing them with experiences  
tailored to their needs

## EDUCATOR

We provide education and  
support to our core customers,  
aestheticians & providers, to  
ensure the quality of experiences  
for the community

## 'AND' COMPANY

We are an 'and' company,  
forging strategic partnerships  
throughout our community. The  
community we're building  
benefits everyone – the  
consumer, customer and our  
company

# FINANCIAL HIGHLIGHTS

<p><b>+56%</b></p> <p>Net Sales growth<sup>1</sup></p>	<p><b>19,000+</b></p> <p>Global Delivery Systems installed<sup>2</sup></p>	<p><b>~5,000</b></p> <p>Delivery Systems sold<sup>3</sup></p>	<p><b>69% / 73%</b></p> <p>Gross Margin (US GAAP) / Adjusted Gross Margin<sup>4</sup></p>
<p><b>\$200</b></p> <p>Average cost per treatment to the consumer<sup>5</sup></p>	<p><b>~75%+</b></p> <p>Gross margin to provider per treatment<sup>6</sup></p>	<p><b>~5 month</b></p> <p>Average Delivery System payback period<sup>5</sup></p>	<p><b>99%</b></p> <p>RealSelf "Worth It" rating</p>
<p><b>~\$900M</b></p> <p>Cash on hand<sup>7</sup></p>	<p><b>15</b></p> <p>Direct markets served<sup>2</sup></p>	<p><b>Millions</b></p> <p>Participants in the BeautyHealth community</p>	

Source: Company data; <sup>1</sup> For the YTD period ending 09/30/21 vs. YTD period ending 09/30/19; <sup>2</sup> As of 09/30/21; <sup>3</sup> For the trailing twelve-month period ended 09/30/21; <sup>4</sup> YTD 09/30/21; Adjusted Gross Margin is a non-GAAP measure; please refer to the appendix for a reconciliation of US GAAP Gross Margin to Adjusted Gross Margin; <sup>5</sup> Per market research conducted by Boston Consulting Group commissioned by the Company in 2019 reflecting pre-COVID conditions; <sup>6</sup> Assumes \$200 average price per treatment, \$33 average consumable cost per treatment, and depreciation of a \$30,000 Delivery System with an estimated useful life of 7 years; <sup>7</sup> Pro forma for cash proceeds generated from exercises of Public Warrants announced 11/08/21

# BEAUTY HEALTH CATEGORY CREATOR

## SKIN CORRECTION

Medical delivery  
technology-focused  
Lasers, Ultrasound, Fillers, Toxins

## SKIN CARE

Daily, over-the-counter  
skin care  
Serums, Creams, Lotions, Supplements

## BEAUTY HEALTH



# hydracial®

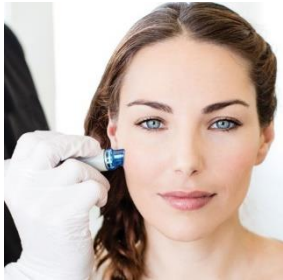
Highly effective, non-invasive and approachable treatment

Bridging professional and retail skin care markets

APPROACHABLE &  
EFFECTIVE



# 3 STEPS. 30 MINUTES. THE BEST SKIN OF YOUR LIFE!



## 1 CLEANSE

Uncover a new layer of skin with gentle exfoliation and relaxing resurfacing, using signature solutions.



BASE TIP



UPGRADES

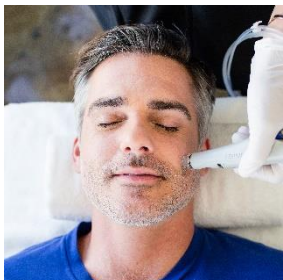


## 2 EXTRACT

Remove debris from pores with painless suction. Nourish with intense moisturizers that quench skin.



EXTRACTION TIP



## 3 HYDRATE

Saturate the skin's surface with antioxidants and peptides to maximize your glow.



VORTEX FUSION TIP

\$200

Average  
cost to consumer

Monthly

Recommended  
frequency

## Personalized Treatment Enhancements



### BOOSTERS

Boosters address specific skin concerns such as acne, hyperpigmentation, dry skin, and wrinkles



### KERAVIVE

Keravive is a relaxing treatment designed to cleanse, exfoliate, nourish, and hydrate the scalp for healthier, fuller-looking hair

14

Boosters  
of which

11

are partner  
boosters

# PARTICIPATING IN HIGH-GROWTH CATEGORIES WITHIN PERSONAL CARE

SPA SERVICES  
GROWING ACROSS  
ALL TYPES OF  
TREATMENTS,  
PARTICULARLY IN  
FACIALS



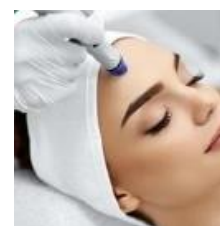
## 11.1%

expected growth in  
U.S. medical spa services  
(2017–2025)



## 6.4%

expected growth in  
U.S. spa facilities  
(2017–2022)



## 14.0%

expected growth in U.S. skin care  
specialists (2016–2026)



# CONSUMERS INCLINED TO SPEND ON BEAUTY & HEALTH



## EXPERIENTIAL

- Aging millennials are spending more on skincare, preferring experiences over products
- Holistic, in-side-out beauty
- Increased emphasis on rituals



## GROWTH IN DISPOSABLE INCOME

- As U.S. economy grows, consumers have more disposable income to spend on premium products



## CHANNEL GROWTH & DYNAMICS

- Multi-brand retailers (e.g., Sephora, Ulta and Nordstrom)
- Shift to digital
- Travel retail
- Consumers embracing affordable luxury



## INFLUENCERS & SOCIAL MEDIA DRIVING PURCHASE DECISIONS

- Online demos, which originally gained popularity in cosmetics, are becoming increasingly influential in skincare
- Skincare increasingly valued in age of selfies/social media



## EMBRACING NATURAL & INCLUSIVITY

- Showcasing skin vs covering it up
- Clean, sustainable, "natural-ish"
- All-in beauty: gender, age, skin type



## NEXT GEN BEAUTY

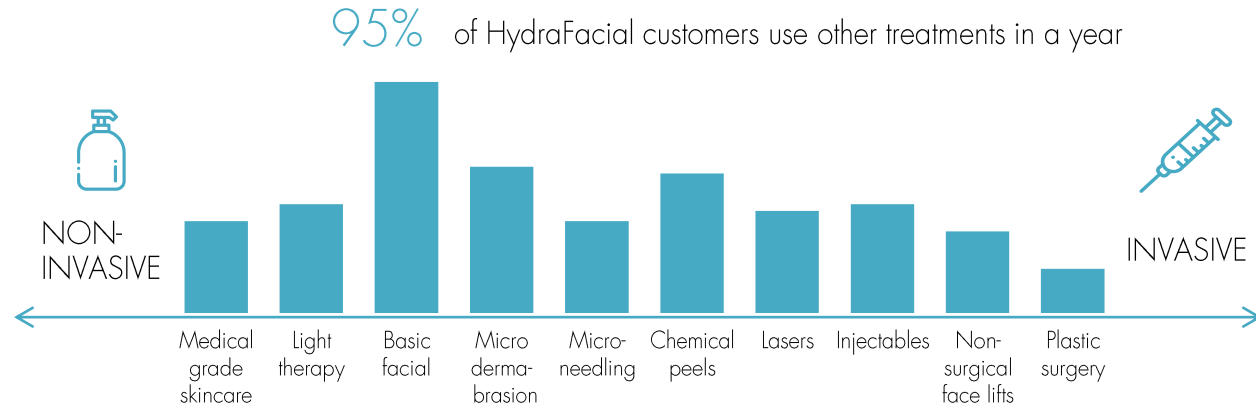
- Personalization
- Digital beauty

# FAVORABLE MARKET SHIFTS BENEFITING THE HYDRAFACIAL BUSINESS MODEL

## SKIN HEALTH

HYDRAFACIAL IS AN AND COMPANY NOT AN OR COMPANY

Today's consumers are seeking approachable and effective skin health solutions that bridge the gap between OTC and invasive options



## EXPANDING DEMOGRAPHICS

Facial consumers are more diverse across genders and are younger than ever before, offering a significant market opportunity

### ACROSS GENERATIONS



Over 30% of customers at beauty retailers (Ulta, Sephora, etc.) are under 24

### ACROSS GENDERS



Providers predict ~2x growth in male mix of total facial patients

### ACROSS GEOGRAPHIES



Huge international growth opportunity in Asia & Europe, making up ~70% of world's population

EXPANDING THE CATEGORY TO ATTRACT NEW DEMOGRAPHICS, WHILE STILL BEING THE TREATMENT OF CHOICE FOR 45+ FEMALES

## SIGNIFICANT OPPORTUNITY ACROSS CHANNELS

Consumers seek an experience across all channels of service

Spa Service Market

Regular and \$\$

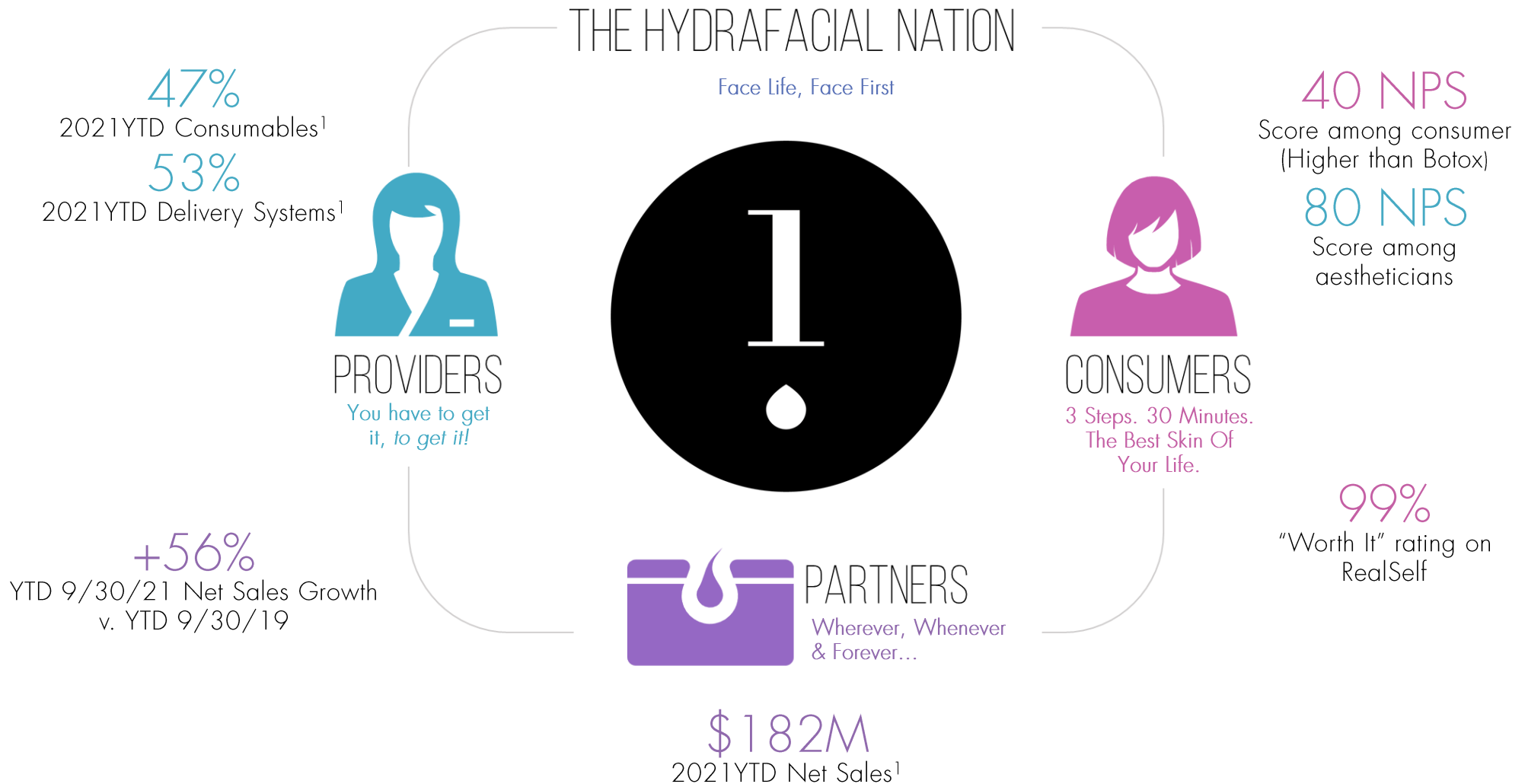
Aesthetics Market

Occasional and \$\$\$

Beauty Retail Market

Often and \$

# THE POWER OF THE NATION

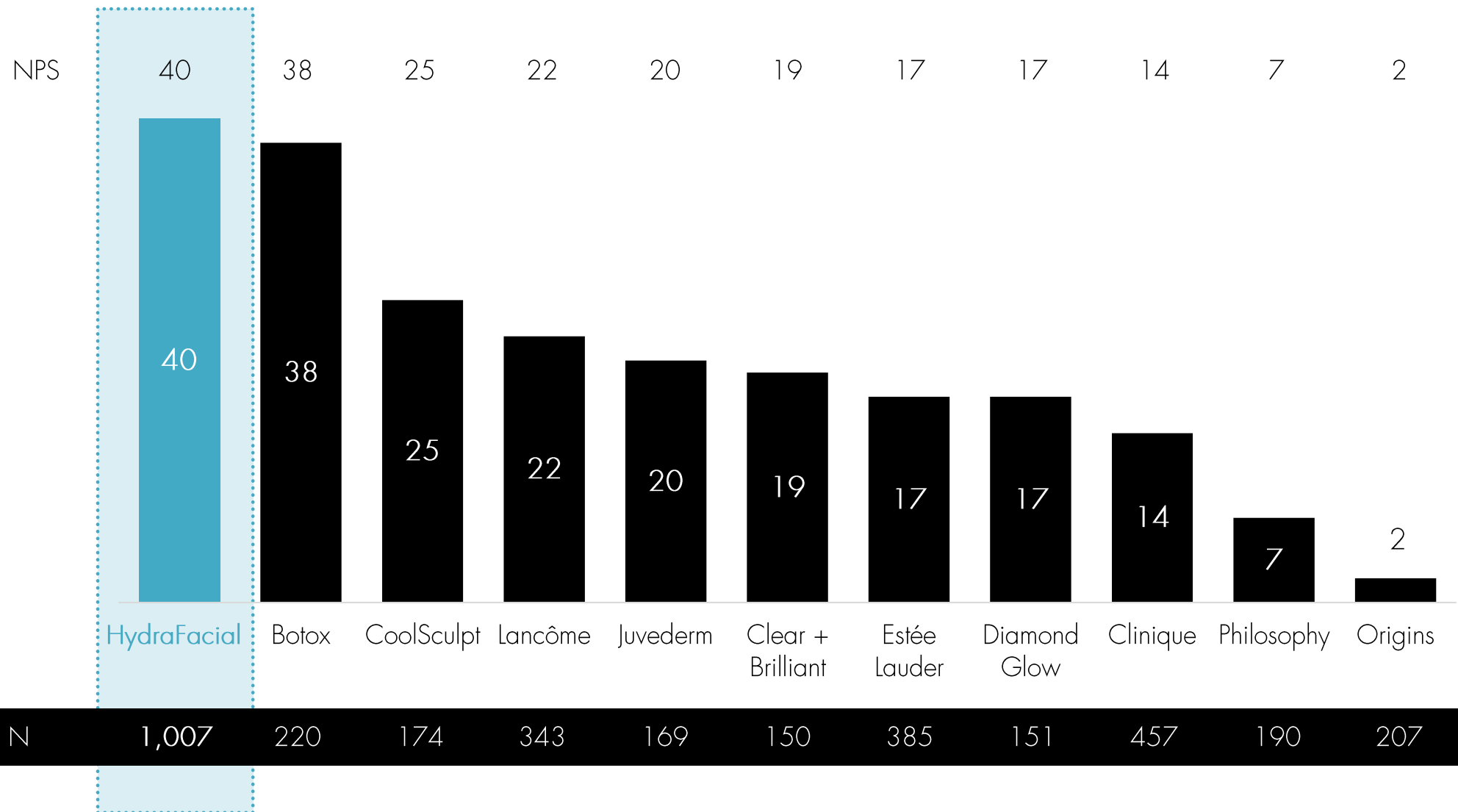


Source: Third party research 2019 reflecting pre-COVID conditions  
Note: 2021 financial figures are unaudited; NPS = Net Promoter Score as of 2019  
<sup>1</sup> Based on 9 months ended 09/30/21 (unaudited)

# THE MASTER PLAN

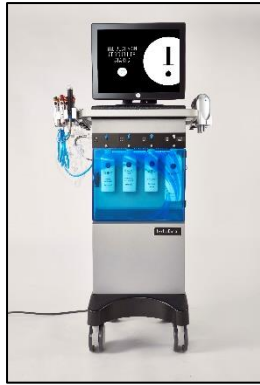
1. Sell a lot of products, use that money to...
2. Invest in our ~~skincare~~ providers, use that relationship to...
3. Find the consumers and build a direct relationship.
4. Leverage technology to connect them where they live, work, and play.
5. Build the ultimate flywheel of influence!

# HYDRAFACIAL NPS RANKS HIGHEST ACROSS BRANDED AESTHETICS AND MEDTECH PEERS



Source: Third party research 2019 reflecting pre-COVID conditions  
Note: NPS = Net Promoter Score as of 2019; Other brands listed are top 5 treatment and top 5 skincare brands used by HydraFacial users; N = Number of responses

# TODAY



Delivery Systems account for **53%** of Net Sales<sup>1</sup>

- The patented HydraFacial systems generate~ 3.2M treatments performed annually
- One-time placement generates treatments (revenue) for 3-7 yrs

Consumables account for **47%** of Net Sales<sup>1</sup>

- Every treatment uses



- Through which flow

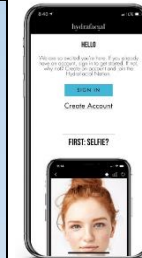


- And customizable



# TOMORROW

Next Gen System connects consumer via app and home handheld device to professional system and the community



360° CONNECTIVITY

KERAVIVE SYSTEM

HOME EXTENSION

PERK AT RETAIL

<sup>1</sup> Based on 9 months ended 09/30/21 as % of Net Sales (unaudited)

# OUR PRESENCE AROUND THE GLOBE

Loved in

87+

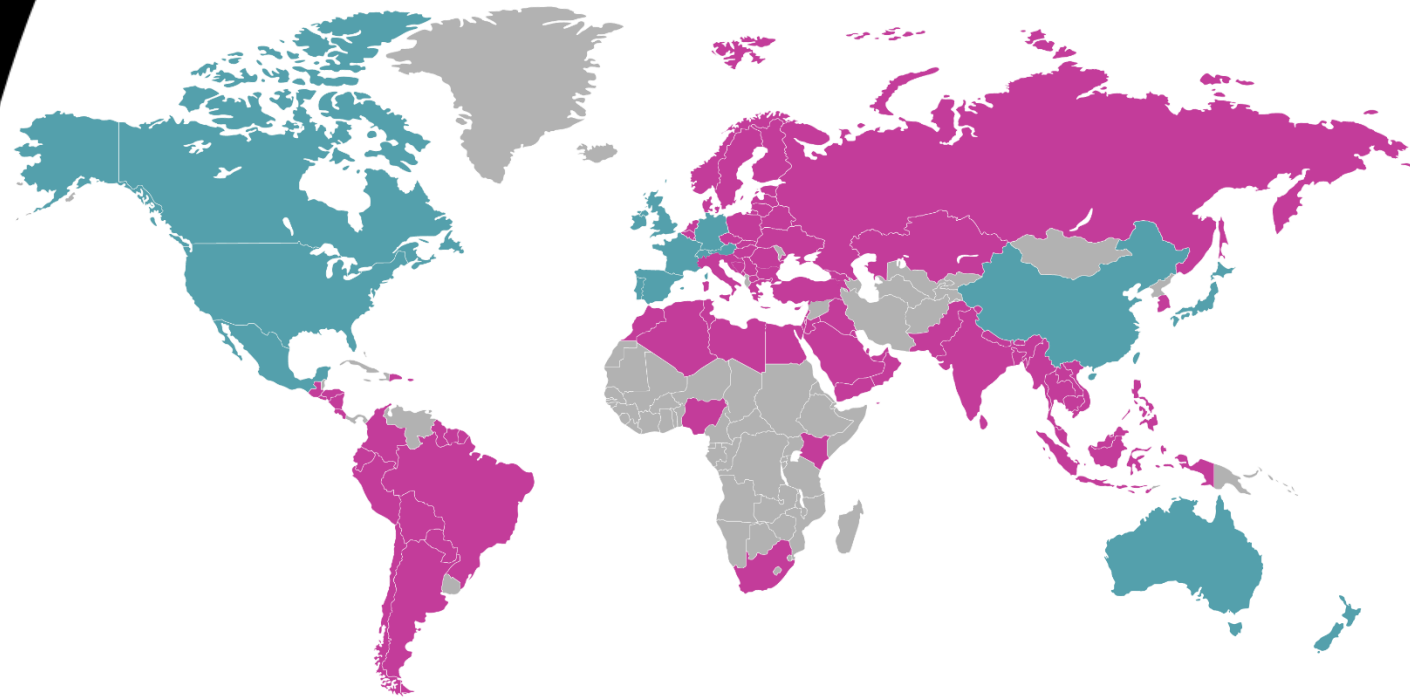
Countries and Territories  
Worldwide

19,000+

Delivery Systems

15

Direct Markets  
2021

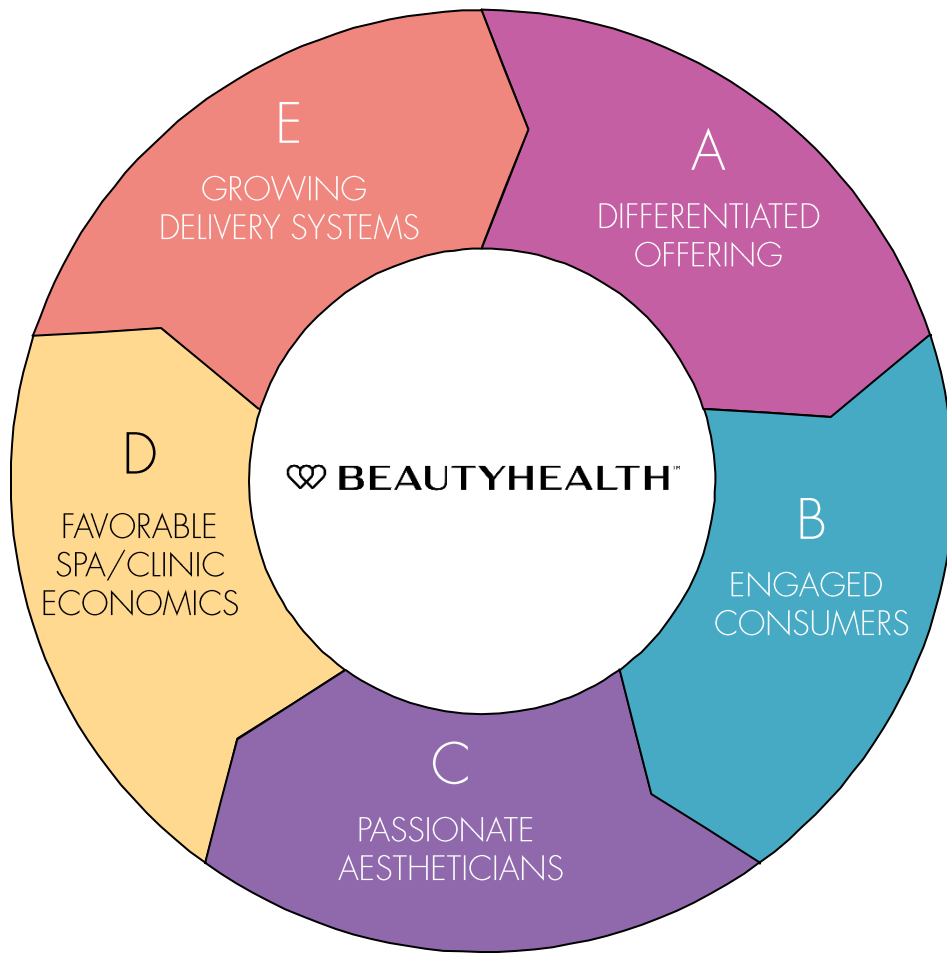


## LOVED AROUND THE WORLD

Direct

Distributor

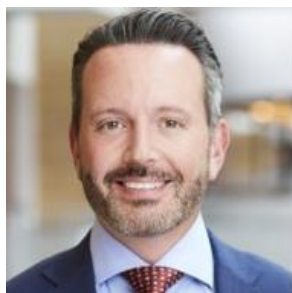
# POWERFUL FLYWHEEL DESIGNED TO DRIVE COMPETITIVE POSITIONING



- A Differentiated offering to build brand**
  - Technologically advanced offering with high consumer and provider engagement
  - Customization/Personalization to skin concern
- B Strong base of engaged consumers to fuel growth**
  - 50–60% Millennials (vs. ~40% of facial users), a highly engaged demo
  - 15% of users get 4+ HydraFacial treatments in a given year
  - 40 NPS (vs. 5–15 NPS for other skincare brands used by our customers)
- C Passionate aesthetician community to recommend HydraFacial**
  - Avid social discussion; 5x more aesthetician posts than competitors
  - Aestheticians actively recommending (80 NPS; 45% of users learned about HydraFacial from their provider)
  - Aestheticians make ~20% more than from a traditional facial
- D Favorable spa/clinic economics to increase HydraFacial share**
  - Payback of delivery system in ~5 months
- E Growing installed base to fund new investments**
  - As HydraFacial grows, investing in training to expand upon aesthetician loyalty
  - Investing in targeted S&M investments to create deeply loved brand and R&D efforts to improve offering/create innovative products



LED BY A  
VISIONARY  
AND  
EXPERIENCED  
EXECUTIVE  
TEAM



**BRENT SAUNDERS**  
Interim CEO & Executive  
Chairman

Experience: 25 Years



**LIYUAN WOO**  
Chief Financial  
Officer

Experience: 24 Years



**JWALA KARNIK, MD**  
EVP of Global Strategy &  
Partnerships

Experience: 26 Years



**BEN BAUM**  
Chief Experience  
Officer

Experience: 25 Years



230+  
COLLECTIVE  
YEARS  
OF  
EXPERIENCE



**INDRA PAMAMULL**  
President of APAC

Experience: 25 Years



**STEPHAN BECKER**  
President of EMEA

Experience: 24 Years



**DAN WATSON**  
EVP, Sales Americas

Experience: 36 Years



**KELLIE SEARS**  
Chief HR Officer

Experience: 29 Years



**PAUL BOKOTA**  
VP & General Counsel

Experience: 24 Years



# STRATEGIC INVESTMENTS



## RELENTLESSLY INNOVATE AS A CATEGORY CREATOR

- Category ownership - skin & scalp health
- Launch system 2.0 with personalized services
- Value added innovation across all touchpoints – serums, devices, and experiences
- Connector platform - build robust and scalable programs that solidify relationship with aestheticians & providers and end-consumers



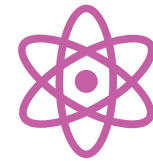
## DRIVE CONSUMER DEMAND WITHIN THE COMMUNITY

- Turn up marketing of the brand, as well as wellness and personalization messaging
- Accelerate provider engagement through education and events
- Invest in promotional activities and partnerships



## EXPAND GLOBAL FOOTPRINT

- Invest in EMEA and APAC HQs for scaling
- Convert distributor markets to direct through M&A



## M&A

- Target companies with leading positions in the Beauty Health spectrum
  - Growth-oriented
  - High NPS
  - Recurring revenue characteristics
  - Attractive margin profile
  - Leverage our current install base

# INVESTMENT HIGHLIGHTS

1

CATEGORY-CREATING PRODUCT

2

CUSTOMER LOYALTY

3

COMMANDING PLATFORM

4

MULTI-DIMENSIONAL GROWTH OPPORTUNITIES

5

COMPELLING ECONOMIC PROFILE

6

PROPRIETARY TECHNOLOGY

7

EXPERIENCED MANAGEMENT AND BOARD



# APPENDIX

## 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 for purposes of evaluating ongoing operations and for internal planning and forecasting purposes. We believe this non-GAAP financial measure, when reviewed collectively with our GAAP financial information, provides useful supplemental information to investors in assessing our operating performance. This non-GAAP financial measure 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.

## Adjusted Gross Margin

We use Adjusted Gross Margin to measure our profitability and ability to scale and leverage the costs of our Delivery Systems and Consumables net sales. The continued growth of our Delivery Systems is expected to allow us to improve our Adjusted Gross Margin, as additional Delivery System units sold will increase our recurring Consumables net sales, which has higher margins.

We believe Adjusted Gross Margin are useful measures to the Company and our investors to assist in evaluating our operating performance because they provide consistency and direct comparability with our 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. We expect our Adjusted Gross Margin to fluctuate over time depending on the factors described above.

The following table reconciles Gross Margin to Adjusted Gross Margin for the period presented:

For the Nine Months Ended September 30, 2021 (\$000s)	
Net Sales	\$182,197
Less: Cost of Sales	(57,131)
Gross Profit (GAAP)	\$125,066
Gross Margin (GAAP)	69%
Adjusted to exclude the following:	
Stock-Based Compensation Expense	222
Depreciation and Amortization Expense	7,747
Adjusted Gross Profit	\$133,035
<b>Adjusted Gross Margin</b>	<b>73%</b>