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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 22, 2022

THE BEAUTY HEALTH COMPANY
(Exact name of registrant as specified in its charter)

Delaware	001-39565	85-1908962
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2165 Spring Street Long Beach, CA	90806
(Address of principal executive offices)	(Zip Code)

(800) 603-4996
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.0001 per share	**SKIN**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

The information provided below in "Item 7.01 - Regulation FD Disclosure" of this Current Report on Form 8-K ("Current Report") is incorporated by reference into this Item 2.02.

Item 7.01. Regulation FD Disclosure.

On February 22, 2022, The Beauty Health Company (the "Company") issued a press release (the "Earnings Press Release") regarding the Company's financial results for its fiscal quarter ended December 31, 2021. A copy of the Earnings Press Release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

On February 22, 2022, the Company posted an investor presentation (the "Investor Presentation") on the Company's website, https://investors.beautyhealth.com/. A copy of the Investor Presentation is attached as Exhibit 99.2 hereto and incorporated herein by reference.

The Earnings Press Release and Investor Presentation include non-GAAP financial measures as defined in Regulation G of the Sarbanes-Oxley Act of 2002. The Earnings Press Release and Investor Presentation also includes a presentation of the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), information reconciling the non-GAAP financial measures to the GAAP financial measures, and a discussion of the reasons why the Company's management believes that presentation of the non-GAAP financial measures provides useful information to investors regarding the Company's financial condition and results of operations. The non-GAAP financial measures presented therein should be considered in addition to, and not as a substitute for, or superior to, financial measures calculated and presented in accordance with GAAP.

Exhibit 99.1 and Exhibit 99.2 contain forward-looking statements. These forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed in these forward-looking statements.

The information set forth under Item 7.01 of this Current Report, including Exhibit 99.1 and Exhibit 99.2 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in Item 7.01 of this Current Report, including Exhibit 99.1 and Exhibit 99.2, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, unless expressly incorporated by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Earnings Press Release, dated February 22, 2022
99.2	Investor Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 22, 2022	**The Beauty Health Company**	
	By:	/s/ Liyuan Woo
	Name:	Liyuan Woo
	Title:	Chief Financial Officer

Exhibit 99.1

The Beauty Health Company Reports Record Fourth Quarter and Fiscal Year 2021 Financial Results

Provides Fiscal Year 2022 Outlook

Long Beach, Calif., February 22, 2022 – The Beauty Health Company ("BeautyHealth" or the "Company"; NASDAQ:SKIN), a global category-creator in beauty health leading the charge with its flagship brand HydraFacial™, today announced financial results for the fourth quarter ended December 31, 2021.

Brent Saunders, BeautyHealth's Executive Chairman, stated: "We are extremely pleased with our accomplishments this quarter and for the full year 2021, exceeding our guidance. Importantly, we navigated through macro challenges and COVID, delivering strong results by executing against our key strategic initiatives. Our performance is proof of the compelling opportunity we have to capture the convergence of medical aesthetics and skincare."

"I am grateful and honored to be leading this impressive company as CEO, especially at such an exciting time for BeautyHealth," said Andrew Stanleick, BeautyHealth's President and Chief Executive Officer. "I am pleased to share that for 2022, we expect net sales in the range of $320 million to $330 million and adjusted EBITDA of approximately $50 million, barring any adverse COVID-related headwinds. 2022 will be our final year of elevated investments. In 2023, we plan to leverage our operating infrastructure to accelerate our profitability, climbing towards our historical adjusted EBITDA margin levels. We are at a pivotal point in the Company's growth trajectory, and I am thrilled to execute on our dynamic strategy," concluded Mr. Stanleick.

Key Operational and Business Metrics

	Three Months Ended December 31,		Year Ended December 31,	
Unaudited (dollars in millions)	**2021**	**2020**	**2021**	**2020**
Delivery Systems net sales	$ 42.7	$ 17.4	$ 139.5	$ 53.4
Consumables net sales	$ 35.2	$ 20.5	$ 120.6	$ 65.7
Total net sales	$ 77.9	$ 37.9	$ 260.1	$ 119.1
Gross profit	$ 56.8	$ 23.0	$ 181.8	$ 67.2
Gross margin	72.9%	60.8%	69.9%	56.4%
Net loss	$ (17.3)	$ (7.5)	$ (375.1)	$ (29.2)
Adjusted net income (loss)*	$ 1.6	$ (2.0)	$ 4.5	$ (12.1)
Adjusted EBITDA*	$ 8.5	$ 3.6	$ 32.7	$ 7.7
Adjusted EBITDA margin*	10.9%	9.4%	12.6%	6.5%
Adjusted gross profit*	$ 59.6	$ 25.7	$ 192.5	$ 78.0
Adjusted gross margin*	76.5%	67.8%	74.0%	65.5%

*See "Non-GAAP Measures" below.

Fiscal 2021 Business Highlights

- Delivered net sales of $260.1 million, a 118.3% and 56.2% increase compared to $119.1 million and $166.6 million in 2020 and 2019, respectively.
- Sold 6,191 Delivery Systems during the year, bringing the Company's install base to 20,399 Delivery Systems.
- Increased adjusted gross margin to 74.0% compared to 65.5% in 2020.
- Adjusted EBITDA and Adjusted EBITDA margin increased to $32.7 million from $7.7 million in 2020 and to 12.6% from 6.5%, respectively.
- Closed convertible senior notes offering, generating net proceeds of $638.7 million.
- Directly entered new countries via the acquisition of four distributors.
- Implemented phase 1 of its global ERP system in November.
- Announced 100% of the Company's Public Warrants were exercised or redeemed, generating cash proceeds of $185.4 million.

Fourth Quarter 2021 Summary

- Net sales of $77.9 million increased 105.6% compared to $37.9 million in Q4 2020 and 56.0% compared to $49.9 million in Q4 2019, driven by continued strength in the U.S. and EMEA, as well as significant growth in APAC despite the negative impact from COVID-19.
  - Delivery Systems net sales increased to $42.7 million, compared to $17.4 million in Q4 2020 and $24.5 million in Q4 2019. The Company sold over 1,800 Delivery Systems during the quarter and saw continued sequential improvement in system sales.
  - Consumables net sales increased to $35.2 million, compared to $20.5 million in Q4 2020 and $25.4 million in Q4 2019.
  - Net sales in the Americas region increased to $50.4 million in Q4 2021 compared to $26.9 million in Q4 2020 and $34.2 million in Q4 2019 due to strong trends in the U.S. and Mexico. The strength in the U.S. was driven by a continued increase in sales productivity fueled by strong conversion from the Company's marketing-driven leads.
  - Net sales in the APAC region increased to $12.0 million in Q4 2021 compared to $4.8 million in Q4 2020 and $7.3 million in Q4 2019, driven by continued strength in China and Australia despite the partial closure during the quarter due to COVID-19.
  - Net sales in the EMEA region increased to $15.5 million in Q4 2021 compared to $6.1 million in Q4 2020 and $8.4 million in Q4 2019, due to strength in the United Kingdom, Germany, France, and the Middle East.
- Gross margin increased to 72.9% compared to 60.8% in Q4 2020, and Q4 2021 adjusted gross margin increased to 76.5% compared to 67.8% in Q4 2020. The improvement in gross profit was due to higher sales volumes, fixed cost leverage and margin accretion from distributor acquisitions, partially offset by higher supply chain and logistics costs. The Company expects continued headwinds from global supply chain challenges and inflationary pressures to weigh on gross margin into 2022, specifically higher shipping costs, offset by margin accretion related to the acquired distributor inventory and pricing initiatives.
- Selling, general and administrative expenses were $62.1 million in Q4 2021 compared to $26.9 million in Q4 2020, primarily driven by increased personnel-related expenses, sales commissions, and marketing expenses. The Company has incurred $3.5 million non-cash stock compensation in addition to $1.5 million of public company costs including directors' and officers' liability insurance, SOX compliance and additional audit and tax related services in the fourth quarter.
- Operating loss was $7.2 million compared to an operating income of $4.7 million in Q4 2020. The operating loss includes non-cash stock-based compensation expense of $3.8 million and other transaction and one-time costs of $5.9 million. The Company continues to invest in global infrastructure, people, and systems to fuel future growth.
- Net loss was $17.3 million compared to a net loss of $7.5 million in Q4 2020. Net loss includes the non-cash change in fair value of the warrant liabilities, which totaled $6.0 million. In Q4 2021, adjusted net income was $1.6 million compared to an adjusted net loss of $2.0 million in Q4 2020.
- Adjusted EBITDA is an important profitability measure that the Company uses to manage its business internally. In Q4 2021, adjusted EBITDA was $8.5 million compared to $3.6 million in Q4 2020. The increase in adjusted EBITDA is the result of higher sales, partially offset by increased sales commissions, personnel-related expenses, marketing spend and public company costs.

Balance Sheet and Cash Flow Highlights

Cash and cash equivalents were $901.9 million as of December 31, 2021 compared to $9.5 million as of December 31, 2020. The Company's cash and cash equivalents include approximately $638.7 million of net proceeds from the Company's issuance of $750 million of 1.25% Convertible Senior Notes due 2026, which net proceeds have been and/or will be used to fund potential future acquisitions, working capital expenditures, a capped call purchase agreement and general corporate purposes. During Q4 2021, the Company closed a $50 million line of credit for its U.S. operations. The Company expects the available line of credit to be sufficient for its short-term U.S. working capital requirements.

Capital expenditures for the year ended December 31, 2021 totaled $15.6 million.

Warrants and Shares Outstanding

The Company has approximately 7 million private placement warrants and approximately 150 million shares of Class A common stock outstanding as of December 31, 2021.

Outlook

BeautyHealth is providing a fiscal 2022 net sales guidance range of $320.0 million to $330.0 million and adjusted EBITDA of approximately $50.0 million, reflecting the momentum in health and wellness, and management's confidence in the business as the Company executes against its growth plan. The increase assumes no material deterioration in general market conditions or other factors related to COVID-19 trends. In addition, this guidance assumes a launch in the first half of 2022 of Syndeo, the next generation HydraFacial Delivery System, which includes Wi-Fi-enabled radio frequency identification that will allow us to build a connected platform and better understand consumer and provider behavior.

For fiscal 2022, BeautyHealth also expects up to $20.0 million of capital expenditures.

BeautyHealth’s achievement of the anticipated results is subject to risks and uncertainties, including those disclosed in the Company’s filings with the Securities and Exchange Commission. The outlook does not take into account the impact of any unanticipated developments in the business or changes in the operating environment, nor does it take into account any unannounced acquisitions, dispositions or financings during 2022. In addition, given the uncertainty in the environment in which BeautyHealth is operating, the Company remains cautious of the potential risk for further market closures or other restrictive measures from existing or new COVID-19 strains and the uneven global rollout and adoption of vaccines, as well as inflationary headwinds related to higher raw material, shipping and labor costs. BeautyHealth’s outlook assumes a largely reopened global market, which would be negatively impacted if closures or other restrictive measures persist or are reimplemented.

Conference Call

BeautyHealth will host a conference call on Tuesday, February 22, 2022, at 4:30 p.m. ET to review its fourth quarter financial results. The call may be accessed via live webcast through the "Events & Presentations" page under "News & Events" on our Investor Relations website at https://investors.beautyhealth.com/ or by dialing (877) 407-9208 (international callers please dial 1 (201) 493-6784), using conference ID 13725914, approximately 10 minutes prior to the start of the call. A replay of the conference call will be available within approximately three hours after the conclusion of the call and can be accessed online at https://investors.beautyhealth.com/.

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 net income, adjusted EBITDA, adjusted EBITDA margin, adjusted gross profit, and adjusted gross margin for purposes of evaluating ongoing operations and for internal planning and forecasting purposes. We believe that 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.

The Company does not provide a reconciliation of its fiscal 2022 adjusted EBITDA guidance to net income (loss), the most directly comparable forward looking GAAP financial measure, due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, which cannot be done without unreasonable efforts, including adjustments that could be made for changes in fair value of warrant liabilities, integration and acquisition-related expenses, amortization expenses, non-cash stock-based compensation, gains/losses on foreign currency, and other charges reflected in our reconciliation of historic numbers, the amount of which, based on historical experience, could be significant. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. The Company's fiscal 2022 adjusted EBITDA guidance is merely an outlook and is not a guarantee of future performance. Stockholders should not rely or place an undue reliance on such forward-looking statements. See “Forward-Looking Statements" for additional information.

Adjusted Gross Profit and Adjusted Gross Margin

Management uses adjusted gross profit and 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, depreciation, and stock-based compensation 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.

The following table reconciles gross profit to adjusted gross profit for the periods presented:

	Three Months Ended December 31,		Year Ended December 31,	
Unaudited (in thousands)	**2021**	**2020**	**2021**	**2020**
Net sales	$ 77,889	$ 37,880	$ 260,086	$ 119,092
Cost of sales	21,128	14,843	78,259	51,893
Gross profit	$ 56,761	$ 23,037	$ 181,827	$ 67,199
Gross margin	72.9 %	60.8 %	69.9 %	56.4 %
Adjusted to exclude the following:				
Stock-based compensation expense	$ 183	$ —	$ 405	$ —
Depreciation and amortization expense	2,651	2,634	10,313	10,758
Adjusted gross profit	$ 59,595	$ 25,671	$ 192,545	$ 77,957
Adjusted gross margin	76.5 %	67.8 %	74.0 %	65.5 %

Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted net income, adjusted EBITDA and adjusted EBITDA margin are key performance measures that management uses to assess the Company's operating performance. Because adjusted net income, adjusted EBITDA and adjusted EBITDA margin facilitate internal comparisons of our historical operating performance on a more consistent basis, management 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 our business and achieve greater operating leverage.

The Company calculates adjusted net income 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; amortization expense; stock-based compensation expense; 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); restructuring costs (including those associated with COVID-19) and the aggregate adjustment for income taxes for the tax effect of the adjustments described above.

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).

The following table reconciles BeautyHealth's net loss to adjusted net income (loss) and adjusted EBITDA for the periods presented:

Unaudited (in thousands)	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020	Year Ended December 31, 2021	Year Ended December 31, 2020
Net loss	$ (17,311)	$ (7,493)	$ (375,108)	$ (29,175)
Adjusted to exclude the following:				
Change in FV of warrant liability	5,982	—	277,315	—
Change in FV of earn-out shares liability	—	—	47,100	—
Amortization expense	3,943	2,415	13,297	11,981
Stock-based compensation expense	3,794	37	12,418	363
Other expense (income) (1)	160	131	4,450	47
Management fees (2)	—	533	209	1,486
Transaction related costs (3)	2,600	3,212	34,913	4,223
Other non-recurring and one-time fees (4)	3,323	964	4,017	4,298
Aggregate adjustment for income taxes	(881)	(1,782)	(14,133)	(5,370)
Adjusted net income (loss)	$ 1,610	$ (1,983)	$ 4,478	$ (12,147)
Depreciation expense	2,040	1,111	4,486	2,552
Interest expense	3,488	5,828	11,777	21,275
Foreign currency (gain) loss, net	(594)	(129)	69	(21)
Remaining benefit for income taxes	$ 1,944	$ (1,266)	$ 11,891	$ (3,938)
Adjusted EBITDA	$ 8,488	$ 3,561	$ 32,701	$ 7,721
Adjusted EBITDA margin	10.9%	9.4%	12.6%	6.5%

(1) In connection with the consummation of the Business Combination, the Company repaid all long-term borrowings. For the year ended December 31, 2021, the amount presented primarily represents a total of $4.3 million in prepayment penalties and deferred financing cost write-offs.
(2) Represents quarterly management fees paid to the former majority shareholder of HydraFacial based on a pre-determined formula. Following the Business Combination, these fees are no longer paid.
(3) For the 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.
(4) For the three months ended and year ended December 31, 2021, such costs primarily represent one-time retention awards related to the distributor acquisitions and executive recruiting and severance fees. For the three months ended and year ended December 31, 2020, such costs primarily represent COVID-19 related restructuring cost of $0.8 million and $3.1 million, respectively, including the write-off of expired Consumables, discontinued product lines, human capital and cash management consultants and, to a lesser extent, costs associated with a former warehouse and assembly facility during the transition period.

About the Business Combination

On May 4, 2021, Vesper Healthcare Acquisition Corp. ("Vesper Healthcare"), a special purpose acquisition company, completed the previously announced business combination (the "Business Combination") with Edge Systems LLC d/b/a The HydraFacial Company ("HydraFacial"). In connection with the Business Combination, Vesper Healthcare changed its name to The Beauty Health Company, and LCP Edge Intermediate, Inc., the indirect parent of HydraFacial, became an indirect subsidiary of BeautyHealth. For fiscal periods following the date of completion of the Business Combination, financial results are reported by The Beauty Health Company on a consolidated basis.

About The Beauty Health Company

The Beauty Health Company is a global category-creating company focused on delivering beauty health experiences by reinventing our consumer's relationship with their skin, their bodies and their self-confidence. Our flagship brand, HydraFacial, created the category of hydradermabrasion by using a patented Vortex-Fusion Delivery System to cleanse, peel, exfoliate, extract, infuse, and hydrate the skin with proprietary solutions and serums. HydraFacial provides a non-invasive and approachable experience with a powerful community of a/estheticians, consumers and partners, bridging medical aesthetics to beauty to democratize and personalize skin care solutions across ages, genders, skin tones, and skin types. HydraFacial is available in over 90 countries with an install base of 20,399 Delivery Systems providing millions of experiences to consumers each year. For more information, please visit www.beautyhealth.com.

Forward-Looking Statements

Certain statements made in this release are "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements.

These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside The Beauty Health Company's control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements.

Important factors, among others, that may affect actual results or outcomes include the inability to recognize the anticipated benefits of the Business Combination; the inability to maintain the listing of The Beauty Health Company's shares on NASDAQ; The Beauty Health Company's ability to manage growth; The Beauty Health Company's ability to execute its business plan; the timing of the launch of Syndeo and risks and uncertainties regarding market conditions around the launch of Syndeo; potential litigation involving The Beauty Health Company; changes in applicable laws or regulations; the possibility that The Beauty Health Company may be adversely affected by other economic, business, and/or competitive factors; and the impact of the continuing COVID-19 pandemic on the Company's business. The Beauty Health Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Contacts

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The Beauty Health Company
Consolidated Statements of Operations
(in thousands except share and per share amounts)
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net sales	$ 77,889	$ 37,880	$ 260,086	$ 119,092
Cost of sales	21,128	14,843	78,259	51,893
Gross profit	56,761	23,037	181,827	67,199
Operating expenses:				
Selling and marketing	37,053	15,898	111,583	50,323
Research and development	1,875	860	8,195	3,409
General and administrative	25,045	10,990	98,688	30,649
Total operating expenses	63,973	27,748	218,466	84,381
Loss from operations	(7,212)	(4,711)	(36,639)	(17,182)
Other (income) expense:				
Interest expense, net	3,488	5,828	11,777	21,275
Other expense, net	160	131	4,450	47
Change in fair value of warrant liability	5,982	—	277,315	—
Change in fair value of earn-out shares liability	—	—	47,100	—
Foreign currency (gain) loss, net	(594)	(129)	69	(21)
Total other expense	9,036	5,830	340,711	21,301
Loss before provision for income taxes	(16,248)	(10,541)	(377,350)	(38,483)
Income tax expense (benefit)	1,063	(3,048)	(2,242)	(9,308)
Net loss	$ (17,311)	$ (7,493)	$ (375,108)	$ (29,175)
Net loss per share - basic and diluted	$ (0.12)	$ (0.22)	$ (3.67)	$ (0.85)
Weighted average common shares outstanding - basic and diluted	146,314,776	35,551,196	102,114,883	34,293,271

The Beauty Health Company
Consolidated Balance Sheets
(in thousands)
(Unaudited)

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 901,886	$ 9,486
Accounts receivable	46,824	18,576
Prepaid expenses and other current assets	12,322	3,220
Income tax receivable	4,599	4,611
Inventories	35,261	23,202
Total current assets	1,000,892	59,095
Property and equipment, net	16,183	9,191
Right of use asset	14,992	—
Intangible assets, net	56,010	50,935
Goodwill	123,694	98,531
Deferred tax assets, net	330	270
Other assets	6,705	4,813
Total assets	$ 1,218,806	$ 222,835
Liabilities and Shareholders' (Deficit) Equity		
Current liabilities:		
Accounts payable	$ 29,049	$ 18,485
Accrued payroll related expenses	28,662	9,475
Other accrued expenses	14,722	2,458
Lease liabilities	3,712	—
Income tax payable	292	—
Current portion of long-term debt due to related parties	—	512
Total current liabilities	76,437	30,930
Other long-term liabilities	—	1,854
Lease liabilities, non current	12,781	—
Long-term debt due to related parties, net of current portion	—	216,024
Deferred tax liabilities, net	3,561	3,987
Warrant liabilities	93,816	—
Convertible senior notes, net	729,914	—
Total liabilities	916,509	252,795
Stockholders' (deficit) equity:		
Common stock	16	4
Preferred stock	—	—
Additional paid-in capital	722,250	13,952
Note receivable from stockholder	—	(554)
Accumulated other comprehensive (loss) income	(1,257)	242
Accumulated deficit	(418,712)	(43,604)
Total stockholders' equity (deficit)	302,297	(29,960)
Total liabilities and stockholders' equity (deficit)	$ 1,218,806	$ 222,835

4TH QUARTER 2021 EARNINGS PRESENTATION

FEBRUARY 22, 2022

BEAUTYHEALTH™

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.

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).

AGENDA

1. Opening Remarks
2. 4th Quarter 2021 & Fiscal Year 2021 Financial Results
3. 2022 Outlook
4. Q&A

BeautyHealth Participants

BRENT SAUNDERS
Executive Chairman

ANDREW STANLEICK
President and Chief Executive Officer

LIYUAN WOO
Chief Financial Officer


OPENING REMARKS
BRENT SAUNDERS
Executive Chairman
ANDREW STANLEICK
President and Chief
Executive Officer

KEY HIGHLIGHTS

1 **SIGNIFICANT NET SALES GROWTH DEMONSTRATES STRENGTH OF BRAND**

- $260.1mm exceeded 2021 guidance with a +118.3% increase vs FY20 and +56.2% increase vs FY19

2 **4Q21 GROSS MARGIN / ADJUSTED GROSS MARGIN[1] EXPANSION OF +1,210 BPS / +870 BPS VS 4Q20**

- 72.9% GAAP / 76.5% adjusted as cost leverage increasing with growth and distributor acquisition accretion offset supply chain environment

3 **CONTINUED EXECUTION OF EXISTING STRATEGY**

- Master Plan remains in place, focus on flawless execution and expanding talent

4 **GROWTH OPPORTUNITY REMAINS SIGNIFICANT**

- 2022 outlook of double-digit sales growth via innovation and geographic expansion

5 **VISIBILITY INTO ACCELERATED PATHWAY TO GREATER PROFITABILITY**

- Final elevated investment year of 2022 paves way for adjusted EBITDA margin[1] expansion in 2023

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

THE MASTER PLAN

We are a category creator. We deliver beauty health experiences – reinventing our consumer's relationship with their skin, their bodies, and their self-confidence.

- Expand our footprint by selling innovative products and connected experiences to providers and consumers
- Invest in our providers, especially the trusted a/esthetician, turning them into brand evangelists and advocates providing first-class experiences
- Nurture direct relationships with our consumers, building brand awareness and driving them to our trusted community
- Build our global infrastructure and a connected technology platform to fuel growth and community engagement
- Supercharge our platform with targeted acquisitions to complement our portfolio and spin our flywheel faster

4TH QUARTER / FY 2021 RESULTS & 2022 OUTLOOK

LIYUAN WOO
Chief Financial Officer

THE HYDRAFACIAL ECONOMIC MODEL

- First-time buyers
- Existing providers buying additional Delivery Systems
- Existing providers upgrading older Delivery Systems

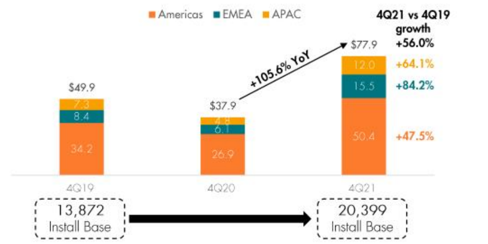
1. Provider purchases a Delivery System, empowering them to offer HydraFacial experiences to their consumers
2. Each HydraFacial experience requires the use of consumables (tips, solutions, serums)
   - These consumables are sold exclusively by BeautyHealth to our providers
3. Provider markets HydraFacial experiences to their consumers
   - BeautyHealth drives additional consumer awareness with marketing activation, pushing incremental demand to our providers
   - Consumers re-visit for recurring HydraFacial experiences (our superconsumers visit 8x / year)
   - Provider recognizes high ROI realized by offering HydraFacial experiences, leading to additional Delivery System purchases

Glossary of Key Performance Indicators

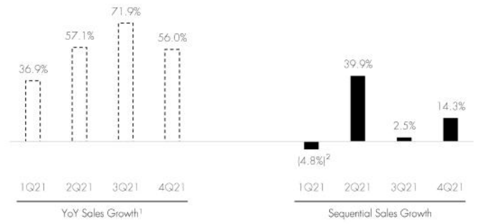
- Delivery System ASP: Average sale price for a Delivery System
- Delivery Systems Sold: Number of Delivery Systems sold during a period
- Install Base: Total number of Delivery Systems actively employed by providers to offer experiences to consumers

4TH QUARTER 2021 FINANCIAL HIGHLIGHTS

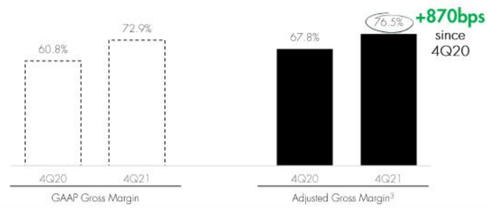
Net Sales ($mm)



Net Sales Growth



Gross Margin



Adjusted EBITDA ($mm)[3]

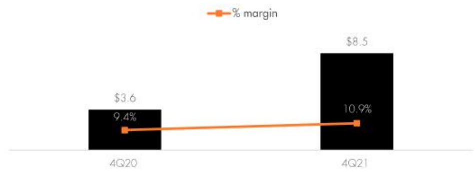
[1] vs the comparable quarter in 2019
[2] vs 4Q19 as 4Q20 was heavily impacted by COVID
[3] Non-GAAP measure; please refer to the appendix for a reconciliation to the appropriate GAAP measure

4TH QUARTER COST DETAIL

($mm)	4Q21	4Q20	Change	% Sales 4Q21	% Sales 4Q20	Change	Commentary
Gross Profit	$56.8	$23.0	+$33.8	72.9%	60.8%	+12.1%	▪ Increase driven by higher sales volumes, fixed cost leverage, and distributor acquisition accretion, partially offset by higher logistics costs
Selling & Marketing	37.0	15.9	+21.1	47.6%	42.0%	+5.6%	▪ Higher investment in marketing and increased sales commissions due to increase in sales
G&A	25.0	11.0	+14.0	32.2%	29.0%	+3.1%	▪ Increased spend on developing infrastructure for global expansion, as well as one-time costs
R&D	1.9	0.9	+1.0	2.4%	2.3%	+0.1%	▪ Continued investment in innovative products and services

Net Sales ($mm)

Adjusted EBITDA ($mm)[1]



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

BALANCE SHEET HIGHLIGHTS

December 31, 2021 (unless otherwise stated)

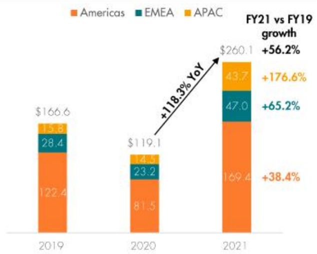
Cash and Cash Equivalents	▪ $901.9 million cash and cash equivalents on balance sheet[1]
Warrants	▪ 100% of Public Warrants exercised or redeemed by 11/05/21 ▪ Approximately 7 million Private Warrants outstanding
Convertible Debt	▪ $750 million 1.25% convertible notes due 2026 ▪ Use of proceeds: capped 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 million Senior Secured Credit Facility borrowed by Edge Systems LLC (HydraFacial US operating entity); undrawn ▪ Use of proceeds: working capital, general corporate purposes ▪ Allows flexibility for future M&A; ex-US operations unencumbered; convertible debt excluded from covenants ▪ 25 – 35bps undrawn commitment fee
Shares Outstanding	▪ Weighted average shares outstanding of 146.3 million in Q4 2021 ▪ Approximately 150 million current shares outstanding[2]

Ample liquidity to pursue disciplined M&A and invest in the BeautyHealth community

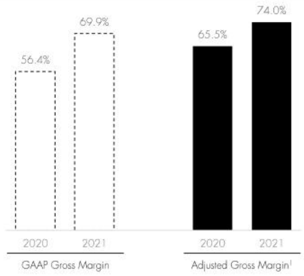
[1] Inclusive of the net proceeds of the convertible notes
[2] As of 02/18/22

FISCAL YEAR 2021 HIGHLIGHTS

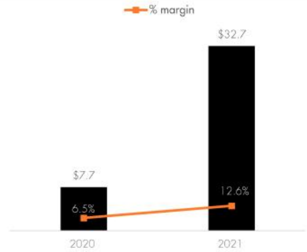
Net Sales ($mm)



Gross Margin



Adjusted EBITDA ($mm)[1]



7
Direct markets entered

+$892.4mm
Cash to balance sheet

Global ERP
Phase 1 implemented

10
Research analysts covering SKIN

56.2%
Net Sales Growth vs 2019

6,191
Delivery Systems Sold

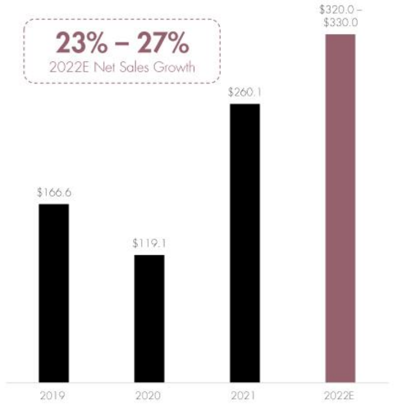
$22,080
Delivery System ASP

20,399
Install Base

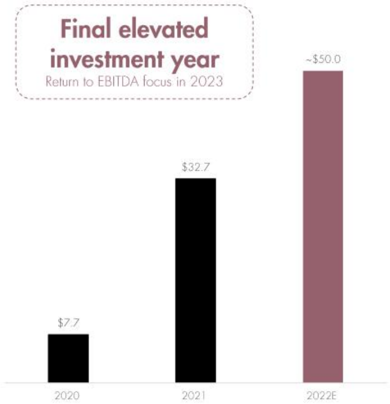
[1] Non-GAAP measure; please refer to the appendix for a reconciliation to the appropriate GAAP measure

2022 OUTLOOK

Net Sales ($mm)



Adjusted EBITDA ($mm)[1]



Capital Expenditures Outlook

- Up to $20.0mm

2022 Growth Initiatives

Increase Innovation
Deepen and expand engagement

Invest in Providers
Convert them into brand evangelists

Expand Awareness
Drive consumer demand

Go Global
Build infrastructure to support worldwide growth

Pursue M&A
Expand our portfolio

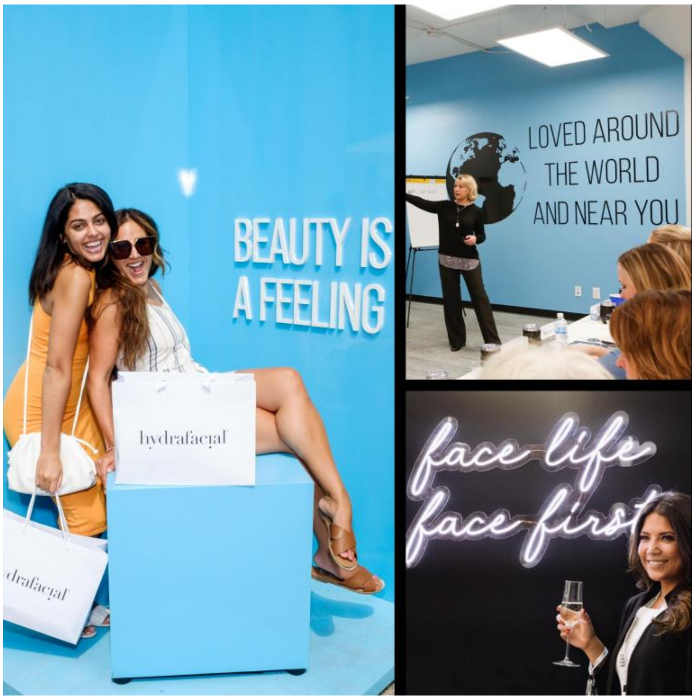
[1] Non-GAAP measure; please refer to the appendix for a reconciliation to the appropriate GAAP measure

Q&A

BRENT SAUNDERS
Executive Chairman

ANDREW STANLEICK
President and Chief Executive Officer

LIYUAN WOO
Chief Financial Officer


BEAUTY IS
A FEELING
hydrafacial
hydrafacial
LOVED AROUND
THE WORLD
AND NEAR YOU
face life
face first

APPENDIX

RECONCILIATION OF NON-GAAP MEASURES

Reconciliation of Gross Profit to Adjusted Gross Profit

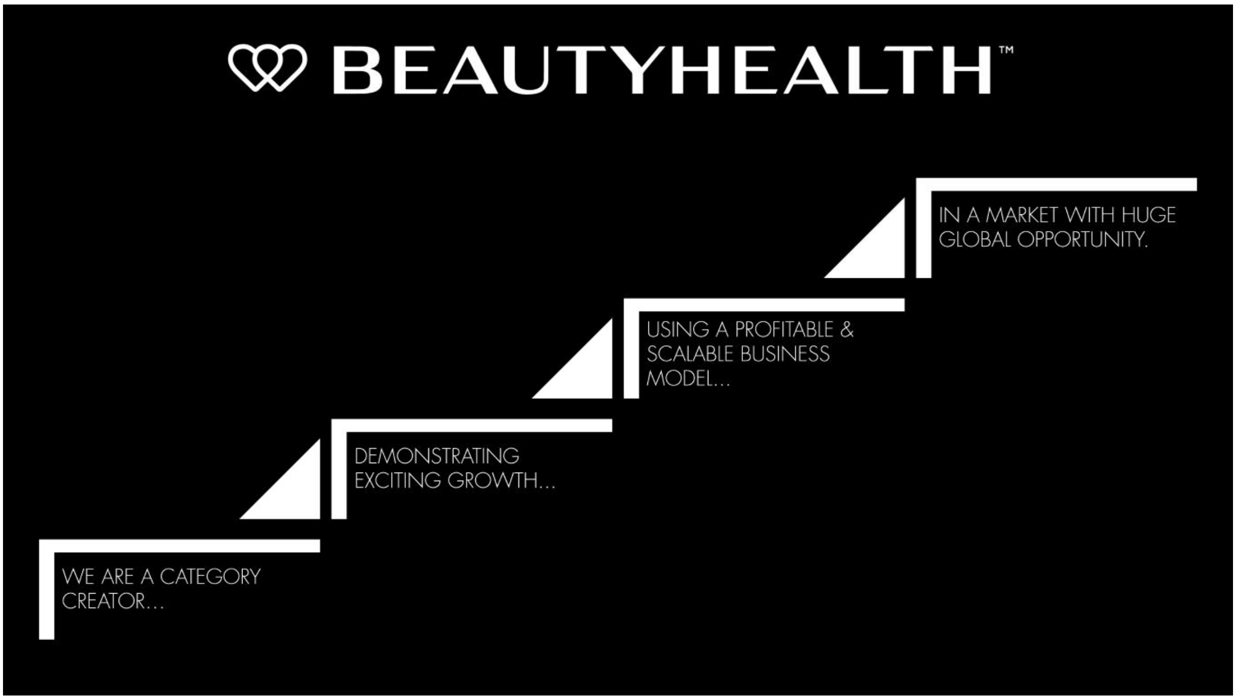
	Three Months Ended December 31,		Year Ended December 31,	
($mm)	2021	2020	2021	2020
Net sales	$77.9	$37.9	$260.1	$119.1
Less: cost of sales	($21.1)	($14.8)	($78.3)	($51.9)
Gross profit	$56.8	$23.0	$181.8	$67.2
Gross margin	72.9%	60.8%	69.9%	56.4%
Adjusted to exclude the following:				
Stock-based compensation expense	0.2	–	0.4	–
Depreciation and amortization expense	2.7	2.6	10.3	10.8
Adjusted gross profit	$59.6	$25.7	$192.5	$78.0
Adjusted gross margin	76.5%	67.8%	74.0%	65.5%

RECONCILIATION OF NON-GAAP MEASURES (CONT'D)

Reconciliation of Net Income (Loss) to Adjusted EBITDA and Adjusted EBITDA Margin

	Three Months Ended					Year Ended December 31,	
($mm)	12/31/20	03/31/21	06/30/21	09/30/21	12/31/21	2020	2021
Net sales	$37.9	$47.5	$66.5	$68.1	$77.9	$119.1	$260.1
Net income (loss)	(7.5)	(3.3)	(139.4)	(215.1)	(17.3)	(29.2)	(375.1)
Adjusted to exclude the following:							
Change in fair value of warrant liability	–	–	72.0	199.3	6.0	–	277.3
Change in fair value of earn-out shares liability	–	–	36.5	10.6	–	–	47.1
Depreciation & amortization expense	3.5	3.6	3.7	4.6	6.0	14.5	17.8
Stock-based compensation expense	–	0.0	3.5	5.1	3.8	0.4	12.4
Interest expense	5.8	5.7	2.1	0.5	3.5	21.3	11.8
Income tax benefit	(3.0)	(0.3)	(1.9)	(1.1)	1.1	(9.3)	(2.2)
Foreign currency loss, net	–	0.3	–	0.4	(0.6)	–	0.1
Other expense (income)	0.1	–	4.3	(0.0)	0.2	0.0	4.5
Management fees[1]	0.5	0.1	0.1	–	–	1.5	0.2
Transaction related costs[2]	3.2	0.7	30.4	1.2	2.6	4.2	34.9
Other non-recurring and one-time fees[3]	1.0	0.1	0.1	0.5	3.3	4.3	4.0
Adjusted EBITDA	$3.6	$7.0	$11.4	$5.8	$8.5	$7.7	$32.7
Adjusted EBITDA margin	9.4%	14.8%	17.1%	8.5%	10.9%	6.5%	12.6%

[1] Represents quarterly management fees paid to the former majority shareholder of the Company based on a pre-determined formula. Following the Business Combination, these fees are no longer paid.
[2] For the 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 and year ended December 31, 2021, such costs primarily represent one-time retention awards related to the distributor acquisitions and executive recruiting and severance fees. For the three months ended and year ended December 31, 2020, such costs primarily represent COVID-19 related restructuring cost of $0.8 million and $3.2 million, respectively, including write-off of expired Consumables, discontinued product lines, human capital and cash management consultants and, to a lesser extent, costs associated with a former warehouse and assembly facility during the transition period.


BEAUTYHEALTH™
IN A MARKET WITH HUGE GLOBAL OPPORTUNITY.
USING A PROFITABLE & SCALABLE BUSINESS MODEL…
DEMONSTRATING EXCITING GROWTH…
WE ARE A CATEGORY CREATOR…