



Medical Spa Sector Overview

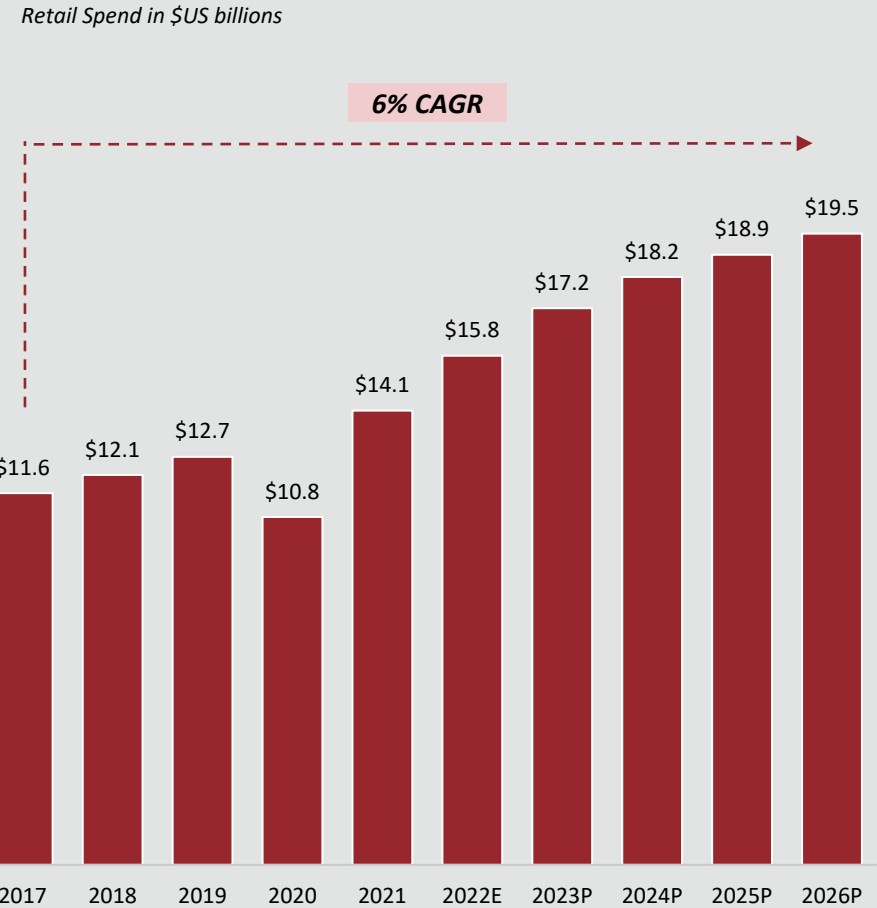
Q3 2022

Large, Rapidly Growing North American Market

Compelling Characteristics of the Medical Spa Market








- ✓ 100% Private Pay
- ✓ Highly Recurring and Effective Services
- ✓ Nature of Treatments Supports Extended Patient Lifetime Value
- ✓ Services Can Be Performed by Physician, Nurse or Technician
- ✓ Brand Relevance / Patient Loyalty
- ✓ Affordable Pricing Promotes Further Resiliency

Massive Market with Solid Growth



Source: American Med Spa Association 2019 Report and Proprietary Market Study

Core Medical Spa Services

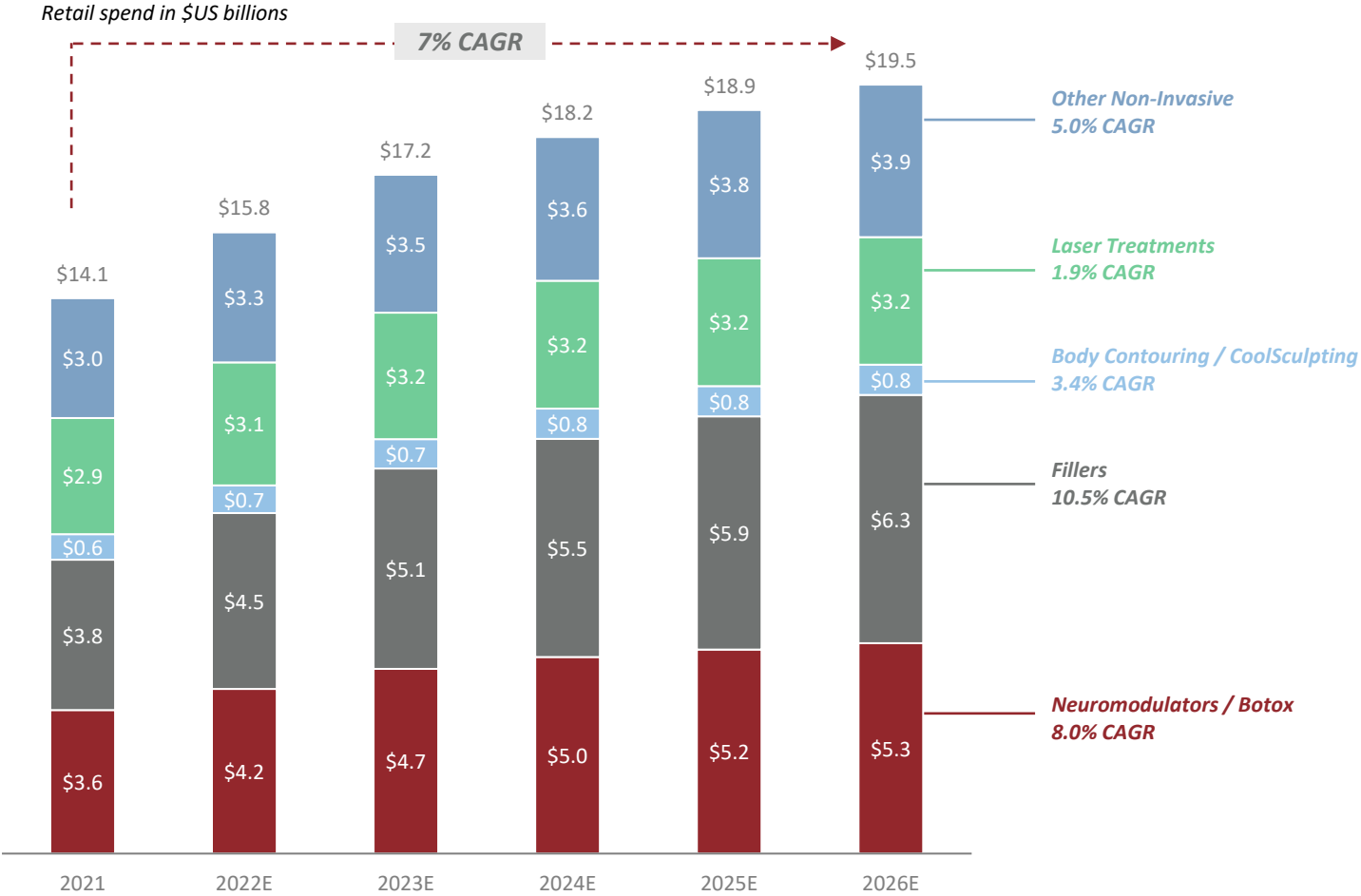
<i>Service Type</i>		<i>Brands</i>	<i>Description</i>
Neuromodulators		Botox Dysport Xeomin	<ul style="list-style-type: none"> Injectables used primarily to reduce the appearance of facial wrinkles, with several medical applications as well (e.g., reducing sweat, preventing migraines, etc.) Consumers average 2-4 treatments per year to maintain the effects of the service
Fillers		Juvéderm Radiesse Restylane	<ul style="list-style-type: none"> Gel-like substances that are injected beneath the skin to restore lost volume, smooth lines and soften creases, or enhance facial contours Given the limited lifespan of fillers, consumers use them multiple times per year (2-3) to maintain their desired appearance
Laser Treatments		Candela GentleMax LightSheer	<ul style="list-style-type: none"> Non-invasive devices regularly used to remove unwanted hair and to help improve various skin problems (e.g., acne scarring, fine lines, wrinkles, sunspots), as well as remove tattoos and loose skin Laser services require multiple treatments (6+ depending on area of the body), and therefore, the one-time, upfront purchase translates to multiple visits to the clinic
Body Contouring		CoolSculpting	<ul style="list-style-type: none"> A nonsurgical fat reduction procedure that uses applicators that freeze away fat cells, reducing overall fat deposits in certain areas of the body (e.g., stomach, thighs, neck, etc.) Each body contouring service typically requires 2-3 treatments for each area of the body. Patients normally pay upfront for the package, receiving treatment over the course of weeks or months
Microneedling		Morpheus8 Profound RF	<ul style="list-style-type: none"> Treatment using small needles to prick the skin, generating new collagen and tissue for smoother, firmer, more toned skin, commonly used on the face to treat scars, wrinkles, and large pores Service is repetitive by nature, with many users reporting multiple treatments per year for skin renewal purposes
Ultrasound Therapy		Ultherapy	<ul style="list-style-type: none"> A non-invasive, annual alternative to a surgical facelift. Designed to boost collagen, it is used to counteract signs of aging like skin sagging, wrinkles on the face, neck, and chest, as well as drooping of the brow area
Facials <i>(incl. chemical peel, microdermabrasion, HydraFacials, etc.)</i>		n/a	<ul style="list-style-type: none"> A non-invasive, recurring treatment that use chemicals, serums, scrubs and applicators to help tone and tighten the skin, increase blood circulation, and renew skin cells To maintain results, facial therapies are typically a repetitive service that can be done as frequently as once a month

Source: Mayo Clinic; Dermatology & Skin Cancer; Everyday Health; Cleveland Clinic; Ultherapy; Chicago Derm MD; Healthline. Often include multiple treatments for a specific area of the body. Once that area has been lasered for the intended purpose (e.g., hair removal), repeat purchases are unlikely

The Medical Spa Industry Is Composed of Attractive, Fast-Growing Services

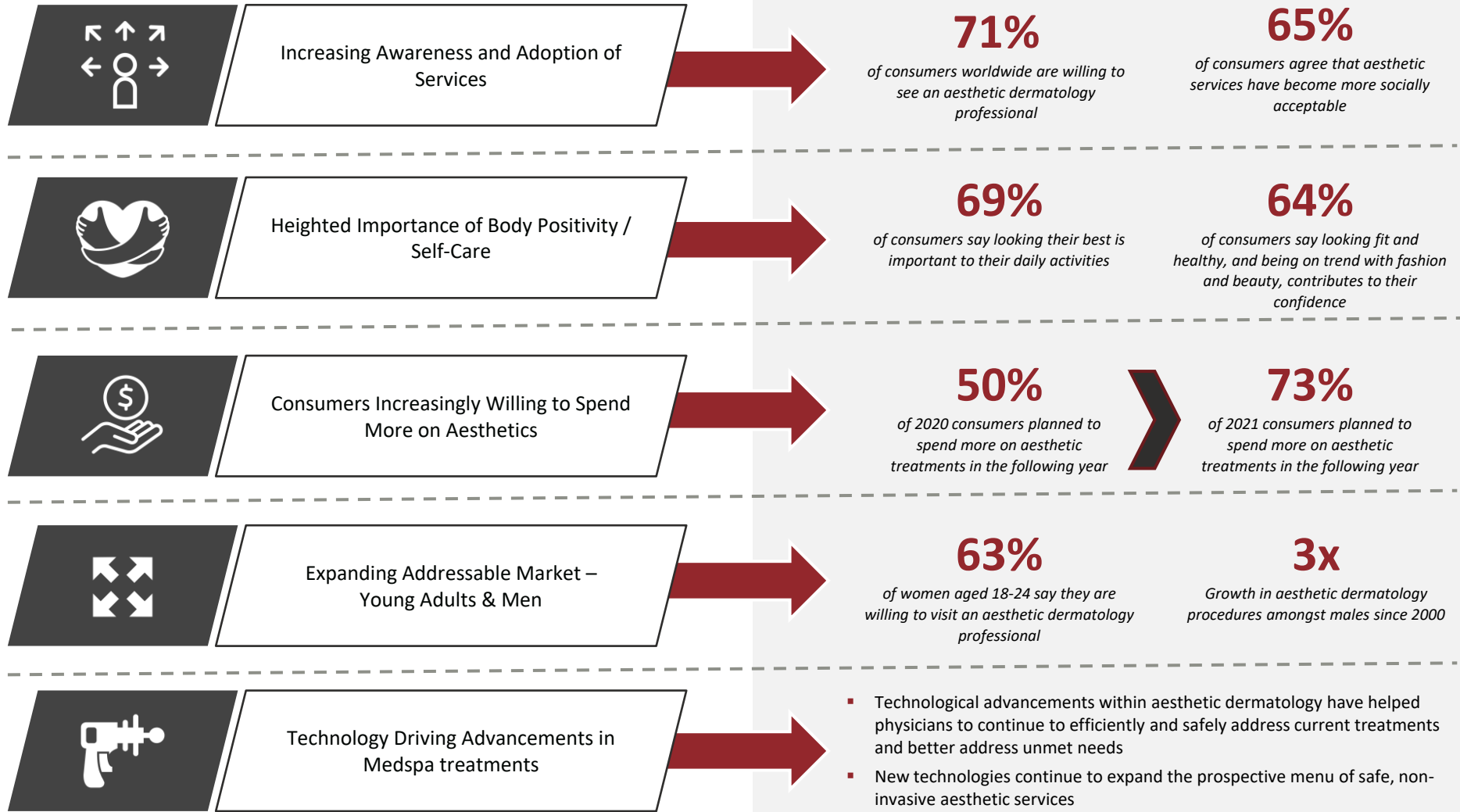
Medspa Market by Service

Core services display solid growth, led by highly recurring services such as neuromodulators and fillers



Source: Proprietary Market Study

Strong Tailwinds Driving Long-Term Growth



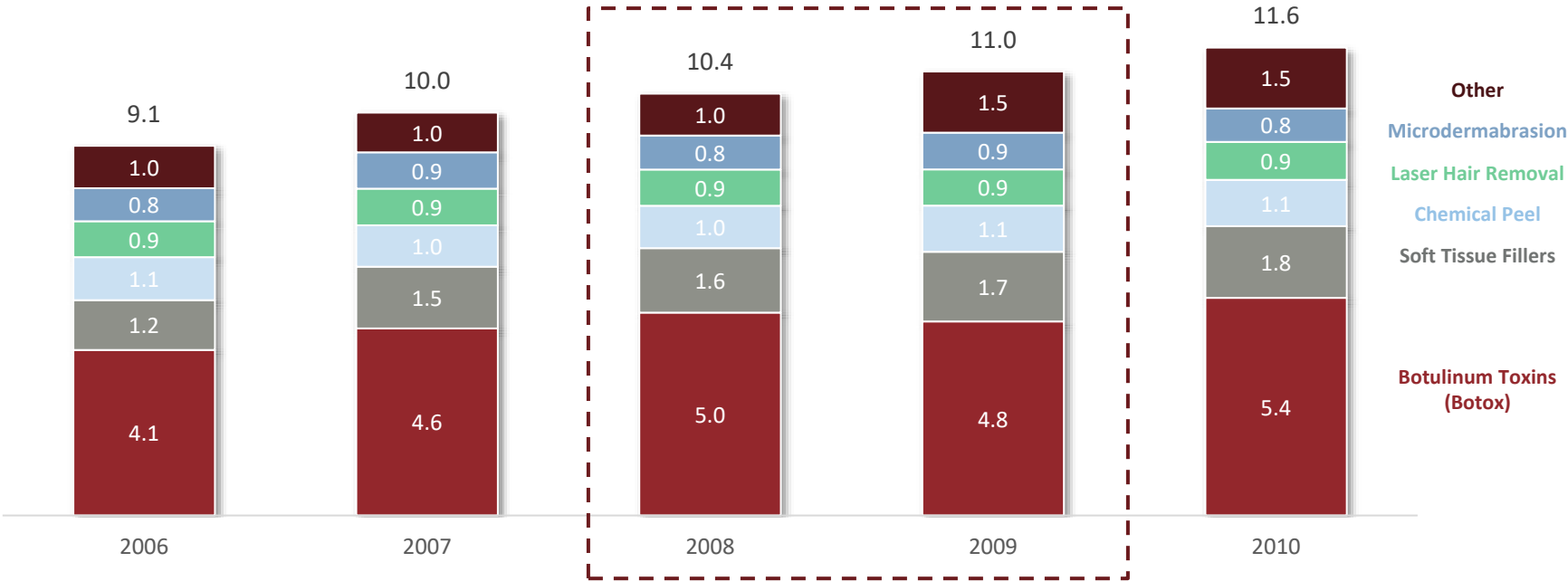
Source: Allergan, American Spa, McKinsey

Highly Resilient Industry

Sector Performance During Financial Crisis

Procedure Volume in Millions

Medical spa procedures continued to grow through 2008/2009 financial crisis in the U.S.



The frequency of procedures increased during the economic downturn, signaling the recurring nature of patients once they've tried a procedure

Source: Proprietary Market Study

Multiple Practice Settings with Varying Focuses and Value Propositions



Example Aesthetic Procedures / Services:

- | | | | | |
|---|---|--|--|--|
| <ul style="list-style-type: none"> • Neuromodulators • Fillers • Lasers • Body Contouring | <ul style="list-style-type: none"> • Breast Augmentation • Tummy Tuck • Liposuction • Neuromodulators | <ul style="list-style-type: none"> • Eczema Treatments • Melanoma Treatments • Microneedling • Neuromodulators | <ul style="list-style-type: none"> • Neuromodulators • Fillers | <ul style="list-style-type: none"> • Neuromodulators • Fillers |
|---|---|--|--|--|

- Primarily focused on non-invasive aesthetic dermatology services (e.g., neuromodulators, fillers)
- Medspas benefit from high patient volumes and significant recurring revenue, as many procedures have quarterly or annual refresh cycles

- Plastic surgery clinics focus on more expensive surgical procedures (e.g., breast augmentation, facelift), supplementing with non-invasive procedures to increase patient retention and lifetime value
- Non-invasive services remain a small portion of overall revenue

- Dermatology offices primarily focus on medical dermatology; however, some supplement their offerings with private-pay, non-invasive aesthetic dermatology services such as Botox or fillers

- Nurse injectors who travel to patients' homes providing injectable treatments (e.g., neuromodulators and fillers)
- Represents a small portion of the market, as this is often a second job for RNs/NPs

- A small segment of dentist offices (e.g., aesthetic dentists) have supplemented their traditional dental work with facial injectables (e.g., neuromodulators) as a secondary revenue stream

Representative Competitors:

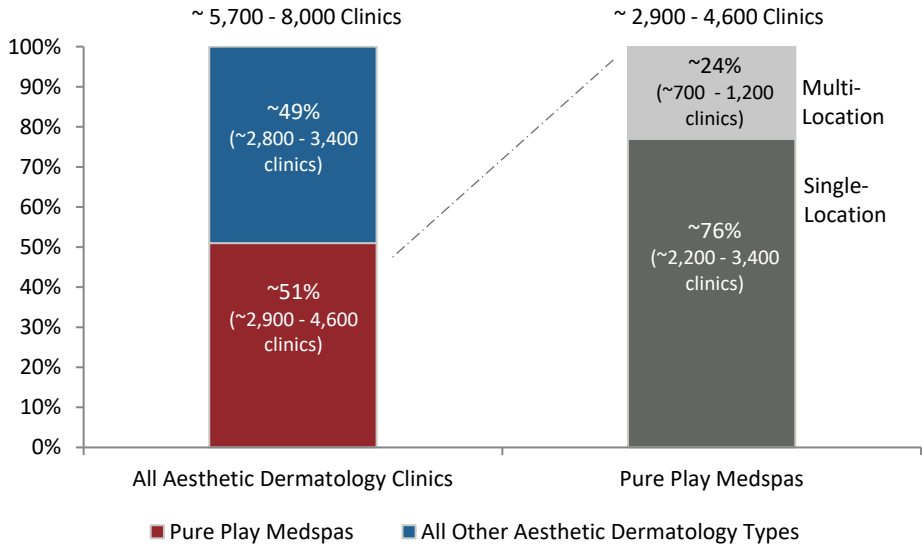
Source: Proprietary Market Study

Highly Fragmented Market with Opportunity for Consolidation

- The medical spa industry has over 2,900 clinics in North America, comprised of mainly small-scale “mom and pop” operators
- Industry will continue to consolidate as scaled operators increasingly benefit from operational efficiencies, including:
 - Veteran management teams with greater operational depth and expertise
 - More resources available to invest in infrastructure, such as marketing, technology, operational processes, compliance, training, and research
 - Higher employee retention for clinicians and corporate-level team members as a result of in-house professional development opportunities and higher compensation
 - Superior standardized process across clinics and patient care driving referrals and patient retention

Market Share by Clinic Count

North American Market Share by Clinics



Medspa Market Landscape

Massive Market with Limited Number of Scaled Platforms

> 2,900
Pure-play Medspas in North America

60%-70%+
Are Single-Location Operators

\$14.1B
North America Market Size

7%
Industry CAGR 2021 – 2026P

Source: Proprietary Market Study

Medspa / Aesthetic Dermatology M&A Activity

MEDSPA AND AESTHETIC DERMATOLOGY ASSETS HAVE CONTINUED TO RECEIVE SIGNIFICANT INTEREST FROM THE PRIVATE EQUITY UNIVERSE

- Platforms have received premium valuations, driven by a number of compelling dynamics:
 - Large and highly fragmented market, with long runway for growth
 - Early stages in adoption cycle, with proven and increasing adoption
 - Recurring, sticky service base
 - Cash-only customer base with high LTV
- Given compelling unit economics and typically fast ramps, many concepts leverage de novos to expand, but a number of platforms are driving growth through consolidation of other practices
 - Small practices are attracted to acquisitions by larger platforms that provide a broader network of physicians and patients to leverage, scalable and value-add infrastructure, and a toolbox of shared services

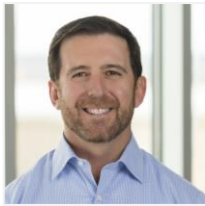
RECENT NOTABLE MEDICAL SPA / AESTHETIC DERMATOLOGY TRANSACTIONS

	June 2017	August 2017	May 2018	June 2018	August 2018	September 2018	October 2018	
TARGET	medic art	laserclinics AUSTRALIA	SCHWEIGER DERMATOLOGY GROUP	SKIN LAUNDRY	EUROPEAN WAX CENTER	sonobello	SKIN SPIRIT	
ACQUIRER	WALTER CAPITAL PARTNERS	KKR	LNK PARTNERS	Vista Verde Group	GENERAL ATLANTIC	ALARIS EQUITY PARTNERS INCUBATE TRUST	GREYLION	
TARGET	MILAN Laser Hair Removal	LASER MD med spa	FYI doctors	ideal image	LaserAway	FOREFRONT DERMATOLOGY	medspa810	VICTORIA PARK MEDISPA
ACQUIRER	LGP	POTOMAC EQUITY PARTNERS	CATTERTON	TPG	ARES	Partners Group REALIZING POTENTIAL IN PRIVATE MARKETS	PRINCETON EQUITY GROUP	PELTON CAPITAL MANAGEMENT

A Collaborative Approach to Consumer Healthcare

WE POOL THE EXPERTISE IN CONSUMER, HEALTHCARE AND LIFE SCIENCES, AND TECHNOLOGY TO ADVISE PREMIER COMPANIES ACROSS THE CONSUMER HEALTHCARE LANDSCAPE

FOR MORE INFORMATION ON OUR EXPERIENCE IN THE MEDICAL SPA AND AESTHETIC DERMATOLOGY SECTORS, CONTACT COREY BENJAMIN:



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SELECT TRANSACTIONS

PENDING

North American
Medspa Platform

FOREFRONT DERMATOLOGY
a portfolio company of
OMERS
has been acquired by
Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

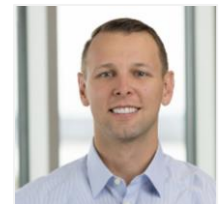
DOCS DERMATOLOGISTS OF CENTRAL STATES
a portfolio company of
SHERIDAN CAPITAL PARTNERS
has been acquired by
SKYKNIGHT



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Business
Services



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Energy,
Power &
Infrastructure



Healthcare &
Life Sciences



Industrials



Specialty
Distribution



Technology



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& Logistics

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