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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under §240.14a-12

VESPER HEALTHCARE ACQUISITION CORP.

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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| (2) | Aggregate number of securities to which transaction applies: | _____ |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): | _____ |
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- ☒ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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| (4) | Date Filed: | _____ |
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<i>Aesthetic Management Partners, LLC et al v. HydraFacial</i> IPR2025-01217 HydraFacial Ex. 2138

VESPER HEALTHCARE ACQUISITION CORP.
1819 West Avenue
Bay 2
Miami Beach, FL 33139

Dear Vesper Healthcare Acquisition Corp. Stockholder:

We cordially invite you to attend a special meeting in lieu of the 2021 annual meeting of the stockholders (the “*Special Meeting*”) of *Vesper Healthcare Acquisition Corp.*, a Delaware corporation (“we,” “us,” “our” or the “*Company*”), to be held virtually on April 29, 2021 at 2 p.m. Eastern Time. The *Special Meeting* will be conducted virtually due to the public health concerns resulting from the COVID-19 pandemic and to support the health and well-being of our stockholders. You will be able to attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/VSPR2021.

On December 8, 2020, the Company, Hydrate Merger Sub I, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“*Merger Sub I*”), Hydrate Merger Sub II, LLC, a Delaware limited liability company and wholly owned subsidiary of the Company (“*Merger Sub II*”), LCP Edge Intermediate, Inc., a Delaware corporation and indirect parent of Edge Systems LLC d/b/a The HydraFacial Company (“*HydraFacial*”), and LCP Edge Holdco, LLC (“*LCP*,” and, in its capacity as the stockholders’ representative, the “*Stockholders’ Representative*”), entered into an Agreement and Plan of Merger (as it may be amended from time to time, the “*Merger Agreement*”), which provides for, among other things: (i) the merger of Merger Sub I with and into HydraFacial, with HydraFacial continuing as the surviving corporation (the “*First Merger*”); and (ii) immediately following the First Merger and as part of the same overall transaction as the First Merger, the merger of HydraFacial with and into Merger Sub II, with Merger Sub II continuing as the surviving entity (the “*Second Merger*” and, together with the First Merger, the “*Mergers*”). As a result of the Mergers, HydraFacial will be combined with Merger Sub II, which will be a wholly owned subsidiary of the Company. The transactions set forth in the Merger Agreement, including the Mergers, will constitute a “*Business Combination*” as contemplated by the Company’s Amended & Restated Certificate of Incorporation (the “*current certificate of incorporation*”). **You are being asked to vote on the Business Combination and related matters.**

Subject to the terms of the Merger Agreement and customary adjustments set forth therein, the aggregate merger consideration to be paid to HydraFacial’s stockholders in connection with the Business Combination is expected to be approximately \$975,000,000 less HydraFacial’s net indebtedness as of the closing of the Business Combination, and subject to further adjustments for transaction expenses, and net working capital relative to a target. This merger consideration will include both cash consideration and consideration in the form of newly issued shares of our Class A Common Stock (“*Class A Stock*”). The cash consideration will be an amount equal to the Company’s cash and cash equivalents as of the closing of the Business Combination (including proceeds in connection with the Private Placement and the funds in the Trust Account), minus HydraFacial’s outstanding indebtedness at the closing of the Business Combination, minus transaction expenses of HydraFacial and the Company, minus \$100,000,000. However, cash consideration, together with certain contractual fees owed by HydraFacial to affiliates of its stockholders, will be subject to a maximum of 60% of the sum of the aggregate merger consideration plus these fees. The remainder of the merger consideration will be paid in a number of shares of our Class A Stock at a value of \$10.00 per share. In connection with the Business Combination, the Company will pay off, or cause to be paid off, on behalf of HydraFacial, HydraFacial’s outstanding indebtedness under its existing credit facilities, and the merger consideration will be reduced by the amount of any such payment.

In addition to the consideration to be paid at the closing of the Business Combination, the stockholders of HydraFacial may be entitled to receive contingent consideration from the Company if certain acquisition targets identified by HydraFacial are acquired before or within one year after the closing of the Business Combination. This contingent consideration will be equal to 2.5 times the gross standalone revenue of each such acquisition target for the 12 months prior to such acquisition, up to a maximum of \$75,000,000, and will payable in shares of Class A Stock.

At the Special Meeting, Company stockholders will be asked to consider and vote upon a proposal (the “*Business Combination Proposal*” or “*Proposal No. 1*”) to approve the transactions contemplated by the Merger Agreement, a copy of which is attached to the accompanying proxy statement as Annex A, including the

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Business Combination. In addition, you are being asked to consider and vote upon: (i) a proposal to approve, for purposes of complying with applicable Nasdaq listing rules, the issuance of more than 20% of the Company's issued and outstanding Common Stock in connection with the Business Combination and the Private Placement (the "*Nasdaq Proposal*" or "*Proposal No. 2*"); (ii) a proposal to adopt the Second Amended and Restated Certificate of Incorporation in the form attached hereto as Annex B (the "*Charter Approval Proposal*" or "*Proposal No. 3*"); (iii) a separate proposal with respect to certain governance provisions in the Second Amended and Restated Certificate of Incorporation, which are being separately presented in accordance with SEC requirements and which will be voted upon on a non-binding advisory basis (the "*Governance Proposal*" or "*Proposal No. 4*"); (iv) a proposal to elect seven directors to serve staggered terms on our Board until the 2022, 2023 and 2024 annual meetings of stockholders, as applicable, and until their respective successors are duly elected and qualified (the "*Director Election Proposal*" or "*Proposal No. 5*"); (v) a proposal to consider and vote upon a proposal to approve The Beauty Health Company 2021 Incentive Award Plan (the "*2021 Plan*"), including the authorization of the initial share reserve under the 2021 Plan (the "*Incentive Award Plan Proposal*" or "*Proposal No. 6*"); (vi) a proposal to consider and vote upon The Beauty Health Company 2021 Employee Stock Purchase Plan (the "*ESPP*") including the authorization of the initial share reserve under the ESPP (the "*The Employee Stock Purchase Plan Proposal*" or "*Proposal No. 7*") and (vii) a proposal to adjourn the Special Meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies if there are insufficient votes for, or otherwise in connection with, the approval of the Business Combination Proposal, the Nasdaq Proposal, the Charter Approval Proposal or the Director Election Proposal (the "*Adjournment Proposal*" or "*Proposal No. 8*").

Each of these proposals is more fully described in this proxy statement, which each stockholder is encouraged to read carefully.

Our publicly traded Class A Stock, public units and public warrants are currently listed on the Nasdaq Capital Market under the symbols "VSPR," "VSPRU" and "VSPRW," respectively. We intend to apply to continue the listing of our publicly traded Class A Stock and public warrants on Nasdaq under the symbols "SKIN" and "SKINW," respectively, upon the closing of the Business Combination.

Pursuant to our current certificate of incorporation, we are providing our public stockholders with the opportunity to redeem, upon the closing of the Business Combination, shares of Class A Stock then held by them for cash equal to their pro rata share of the aggregate amount on deposit (as of two business days prior to the closing of the Business Combination) in the Trust Account that holds the proceeds of our IPO (including interest not previously released to the Company to pay its franchise and income taxes). The per share amount we will distribute to investors who properly redeem their shares will not be reduced by the deferred underwriting commission totaling \$16,100,000 that we will pay to the underwriters of our IPO or transaction expenses incurred in connection with the Business Combination. For illustrative purposes, based on the balance of the Trust Account of \$460,098,212 as of December 31, 2020, the estimated per share redemption price would have been approximately \$10.00. **Public stockholders may elect to redeem their shares whether or not they vote at the Special Meeting, and regardless of how they may vote.** A public stockholder, together with any of his, her or its affiliates or any other person with whom it is acting in concert or as a "group" (as defined under Section 13 of the Securities Exchange Act of 1934, as amended), will be restricted from redeeming in the aggregate his, her or its shares or, if part of such a group, the group's shares, in excess of 15% of the shares of Class A Stock included in the public units sold in our IPO. We refer to this as the "15% threshold." We have no specified maximum redemption threshold under our current certificate of incorporation, other than the aforementioned 15% threshold and the \$5,000,001 minimum of net tangible assets described below. Each redemption of shares of Class A Stock by our public stockholders will reduce the amount in the Trust Account. The Merger Agreement provides that our obligation to consummate the Business Combination is conditioned on the sum of the amount in the Trust Account, the proceeds from the Private Placement and all other cash and cash equivalents of the Company equaling or exceeding \$390,000,000. The conditions to closing in the Merger Agreement are for the sole benefit of the parties thereto and may be waived by such parties. If, as a result of redemptions of Class A Stock by our public stockholders, these conditions are not met (or waived), then the Company or HydraFacial (as applicable) may elect not to consummate the Business Combination. In addition, in no event will we redeem shares of our Class A Stock in an amount that would result in the Company's failure to

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have net tangible assets equaling or exceeding \$5,000,001. Holders of our outstanding public warrants do not have redemption rights in connection with the Business Combination. Unless otherwise specified, the information in the accompanying proxy statement assumes that none of our public stockholders exercise their redemption rights with respect to their shares of Class A Stock.

Our Sponsor, as well as our officers and other current directors, have agreed to waive their redemption rights with respect to their shares of Common Stock in connection with the consummation of the Business Combination, and the Founder Shares (as defined below) will be excluded from the pro rata calculation used to determine the per share redemption price. Currently, our Sponsor owns 20% of our issued and outstanding shares of Common Stock, including all of the Founder Shares. Our Sponsor, directors and officers have agreed to vote any shares of the Company's Common Stock owned by them in favor of the Business Combination. The Founder Shares are subject to transfer restrictions.

We are providing the accompanying proxy statement and accompanying proxy card to our stockholders in connection with the solicitation of proxies to be voted at the Special Meeting (including following any adjournments or postponements of the Special Meeting). Information about the Special Meeting, the Business Combination and other related business to be considered by the Company's stockholders at the Special Meeting is included in this proxy statement. **Whether or not you plan to attend the Special Meeting, we urge all Company stockholders to read this proxy statement, including the Annexes and the accompanying financial statements of the Company and HydraFacial, carefully and in their entirety. In particular, we urge you to read carefully the section entitled "Risk Factors" beginning on page 58 of this proxy statement.**

After careful consideration, our Board has unanimously approved the Merger Agreement and the transactions contemplated therein, and unanimously recommends that our stockholders vote **"FOR"** adoption of the Merger Agreement and approval of the transactions contemplated thereby, including the Business Combination, and **"FOR"** all other proposals presented to our stockholders in the accompanying proxy statement. When you consider the Board's recommendation of these proposals, you should keep in mind that our directors and officers have interests in the Business Combination that may conflict with your interests as a stockholder. Please see the section entitled *"Proposal No. 1—Approval of the Business Combination—Interests of Certain Persons in the Business Combination"* for additional information.

Approval of the Business Combination Proposal requires the affirmative vote of a majority of the votes cast by holders of our outstanding shares of Common Stock represented in person or by proxy and entitled to vote at the Special Meeting. Approval of the Nasdaq Proposal requires the affirmative vote of a majority of the votes cast by holders of our outstanding shares of Common Stock represented in person or by proxy and entitled to vote at the Special Meeting. Approval of the Charter Approval Proposal requires the affirmative vote of holders of a majority of our outstanding shares of Common Stock entitled to vote thereon at the Special Meeting. Approval of the Governance Proposal requires the affirmative vote of a majority of the votes cast by holders of our outstanding shares of Common Stock represented in person or by proxy and entitled to vote thereon at the Special Meeting. Directors are elected by a plurality of the votes cast in the Director Election Proposal; this means that the seven individuals nominated for election to the Board who receive the most **"FOR"** votes (among the shares of our Common Stock represented in person or by proxy and entitled to vote thereon at the Special Meeting) will be elected. Approval of the Incentive Award Plan Proposal, the Employee Stock Purchase Plan Proposal and the Adjournment Proposal requires the affirmative vote of a majority of the votes cast by holders of our outstanding shares of Common Stock represented in person or by proxy and entitled to vote at the Special Meeting.

Your vote is very important. Whether or not you plan to attend the Special Meeting, please vote as soon as possible by following the instructions in this proxy statement to make sure that your shares are represented at the Special Meeting. If you hold your shares in "street name" through a bank, broker or other nominee, you will need to follow the instructions provided to you by your bank, broker or other nominee to ensure that your shares are represented and voted at the Special Meeting. Unless waived by the parties to the Merger Agreement, the closing of the Business Combination is conditioned upon the approval of the Business Combination Proposal, the Nasdaq Proposal, the Charter Approval Proposal and the Director Election Proposal at the Special Meeting. All of the

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proposals are conditioned on the approval of the Business Combination Proposal, the Nasdaq Proposal, the Charter Approval Proposal and the Director Election Proposal at the Special Meeting, other than the Adjournment Proposal, which is not conditioned on the approval of any other proposal.

If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted “**FOR**” each of the proposals presented at the Special Meeting. If you fail to return your proxy card or fail to instruct your bank, broker or other nominee how to vote, and do not attend the Special Meeting in person, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the Special Meeting, and will have the same effect as a vote “**AGAINST**” the Charter Approval Proposal. If you are a stockholder of record and you attend the Special Meeting and wish to vote in person, you may withdraw your proxy and vote in person.

TO EXERCISE YOUR REDEMPTION RIGHTS, YOU MUST DEMAND THAT THE COMPANY REDEEM YOUR SHARES FOR A PRO RATA PORTION OF THE FUNDS HELD IN THE TRUST ACCOUNT AND TENDER YOUR SHARES TO THE COMPANY’S TRANSFER AGENT AT LEAST TWO BUSINESS DAYS PRIOR TO THE VOTE AT SUCH MEETING. YOU MAY TENDER YOUR SHARES BY EITHER DELIVERING YOUR SHARE CERTIFICATE TO THE TRANSFER AGENT OR BY DELIVERING YOUR SHARES ELECTRONICALLY USING DEPOSITORY TRUST COMPANY’S DWAC (DEPOSIT WITHDRAWAL AT CUSTODIAN) SYSTEM. IF THE BUSINESS COMBINATION IS NOT COMPLETED, THEN THESE SHARES WILL NOT BE REDEEMED FOR CASH. IF YOU HOLD THE SHARES IN STREET NAME, YOU WILL NEED TO INSTRUCT THE ACCOUNT EXECUTIVE AT YOUR BANK OR BROKER TO WITHDRAW THE SHARES FROM YOUR ACCOUNT IN ORDER TO EXERCISE YOUR REDEMPTION RIGHTS.

On behalf of our Board, I would like to thank you for your support of Vesper Healthcare Acquisition Corp. and look forward to a successful completion of the Business Combination.

Sincerely,



April 7, 2021

Brenton L. Saunders

Chairman of the Board of Directors

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORY AGENCY HAS APPROVED OR DISAPPROVED THE TRANSACTIONS DESCRIBED IN THIS PROXY STATEMENT, PASSED UPON THE MERITS OR FAIRNESS OF THE BUSINESS COMBINATION OR RELATED TRANSACTIONS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY CONSTITUTES A CRIMINAL OFFENSE.

This proxy statement is dated April 7, 2021 and is expected to be first mailed to Company stockholders on or about April 7, 2021.

**NOTICE OF SPECIAL MEETING IN LIEU OF THE 2021 ANNUAL MEETING OF
STOCKHOLDERS OF VESPER HEALTHCARE ACQUISITION CORP.
TO BE HELD APRIL 29, 2021**

To the Stockholders of Vesper Healthcare Acquisition Corp.:

NOTICE IS HEREBY GIVEN that a special meeting in lieu of the 2021 annual meeting of the stockholders of Vesper Healthcare Acquisition Corp., a Delaware corporation (the “*Company*”), will be held virtually on April 29, 2021 at 2 p.m. Eastern Time (the “*Special Meeting*”). The Special Meeting will be conducted virtually due to the public health concerns resulting from the COVID-19 pandemic and to support the health and well-being of our stockholders. You will be able to attend the Annual Meeting by visiting www.virtualshareholdermeeting.com/VSPR2021. You are cordially invited to attend the Special Meeting to conduct the following items of business:

1. *Business Combination Proposal*—To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as December 8, 2020 (as it may be amended from time to time, the “*Merger Agreement*”), by and among the Company, Merger Sub I, Merger Sub II, HydraFacial and the Stockholders’ Representative (the “*Business Combination*”) (Proposal No. 1);
2. *Nasdaq Proposal*—To consider and vote upon a proposal to approve, for purposes of complying with applicable Nasdaq listing rules, the issuance of more than 20% of the Company’s issued and outstanding shares of Class A common stock, par value \$0.0001 per share, of the Company (the “*Class A Stock*”) and Class B common stock, par value \$0.0001 per share, of the Company (the “*Class B Stock*” and, together with the Class A Stock, the “*Common Stock*”) in connection with the Business Combination and the Private Placement (as defined below) (Proposal No. 2);
3. *Charter Approval Proposal*—To consider and act upon a proposal to adopt the proposed Second Amended and Restated Certificate of Incorporation of the Company (the “*Second Amended and Restated Certificate of Incorporation*”) in the form attached hereto as Annex B (Proposal No. 3);
4. *Governance Proposal*—To consider and act upon, on a non-binding advisory basis, a separate proposal with respect to certain governance provisions in the Second Amended and Restated Certificate of Incorporation in accordance with United States Securities and Exchange Commission (“*SEC*”) requirements (Proposal No. 4);
5. *Director Election Proposal*—To consider and vote upon a proposal to elect seven directors to serve staggered terms on our Board until the 2022, 2023 and 2024 annual meetings of stockholders, as applicable, and until their respective successors are duly elected and qualified (Proposal No. 5);
6. *Incentive Award Plan Proposal*—To consider and vote upon a proposal to approve The Beauty Health Company 2021 Incentive Award Plan (the “*2021 Plan*”), including the authorization of the initial share reserve under the 2021 Plan (Proposal No. 6);
7. *Employee Stock Purchase Plan Proposal*—To consider and vote upon a proposal to approve The Beauty Health Company 2021 Employee Stock Purchase Plan (the “*ESPP*”), including the authorization of the initial share reserve under the ESPP (Proposal No. 7);
8. *Adjournment Proposal*—To consider and vote upon a proposal to approve the adjournment of the Special Meeting to a later date or dates, if necessary, to permit further solicitation and vote of proxies in the event that there are insufficient votes for, or otherwise in connection with, the approval of the Business Combination Proposal, the Nasdaq Proposal, the Charter Approval Proposal or the Director Election Proposal. This proposal will only be presented at the Special Meeting if there are not sufficient votes to approve the Business Combination Proposal, the Nasdaq Proposal, the Charter Approval Proposal or the Director Election Plan Proposal (Proposal No. 8).

The above matters are more fully described in this proxy statement, which also includes, as Annex A, a copy of the Merger Agreement. **We urge you to read carefully this proxy statement in its entirety, including the Annexes and accompanying financial statements of the Company and HydraFacial.**

The record date for the Special Meeting is April 14, 2021. Only stockholders of record at the close of business on that date may vote at the Special Meeting or any adjournment thereof. A complete list of our

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stockholders of record entitled to vote at the Special Meeting will be available for ten days before the Special Meeting at our principal executive offices for inspection by stockholders during ordinary business hours for any purpose germane to the Special Meeting.

BLS Investor Group LLC, a Delaware limited liability company (our “*Sponsor*”), officers and other current directors have agreed to vote any of the shares of Class B Stock that are currently owned by our Sponsor (the “*Founder Shares*”) and any public shares purchased during or after our initial public offering (our “*IPO*”) in favor of our Business Combination. Currently, our Sponsor owns 20% of our issued and outstanding shares of Common Stock, including all of the Founder Shares.

Pursuant to our current certificate of incorporation, we will provide our public stockholders with the opportunity to redeem, upon the closing of the Business Combination, shares of the Company’s Class A Stock then held by them for cash equal to their pro rata share of the aggregate amount on deposit (as of two business days prior to the closing of the Business Combination) in our trust account (the “*Trust Account*”) that holds the proceeds of our IPO (including interest not previously released to the Company to pay its franchise and income taxes). The per share amount we will distribute to our stockholders who properly redeem their shares will not be reduced by the deferred underwriting commission totaling \$16,100,000 that we will pay to the underwriters of our IPO, as well as other transaction expenses incurred in connection with the Business Combination. For illustrative purposes, based on the balance of our Trust Account of \$460,098,212 as of December 31, 2020, the estimated per share redemption price would have been approximately \$10.00. **Public stockholders may elect to redeem their shares whether or not they vote at the Special Meeting, and regardless of how they may vote.** A public stockholder, together with any of his, her or its affiliates or any other person with whom it is acting in concert or as a “group” (as defined under Section 13 of the Securities Exchange Act of 1934, as amended), will be restricted from redeeming in the aggregate his, her or its shares or, if part of such a group, the group’s shares, in excess of 15% of the shares of Common Stock included in the public units sold in our IPO. We have no specified maximum redemption threshold under our current certificate of incorporation, other than the aforementioned 15% threshold and the \$5,000,001 minimum of net tangible assets described below. Each redemption of shares of Class A Stock by our public stockholders will reduce the amount in the Trust Account. The Merger Agreement provides that the Company’s and HydraFacial’s respective obligations to consummate the Business Combination is conditioned on the amount in the Trust Account, the proceeds from the Private Placement and all other cash and cash equivalents of the Company equaling or exceeding \$390,000,000. The conditions to closing in the Merger Agreement are for the sole benefit of the parties thereto and may be waived by such parties. If, as a result of redemptions of Class A Stock by our public stockholders, these conditions are not met (or waived), then the Company or HydraFacial (as applicable) may elect not to consummate the Business Combination. In addition, in no event will we redeem shares of our Class A Stock in an amount that would result in the Company’s failure to have net tangible assets in equaling or exceeding \$5,000,001. Based on the amount of \$460,098,212 in our Trust Account as of December 31, 2020, and taking into account the anticipated gross proceeds of approximately \$350,000,000 from the Private Placement and HydraFacial’s agreement to receive certain of its consideration in stock, approximately 42,336,329 shares of Class A Stock may be redeemed and still enable us to have sufficient cash to satisfy the cash closing conditions in the Merger Agreement. We refer to this as the maximum redemption scenario. Holders of our outstanding public warrants do not have redemption rights in connection with the Business Combination.

Our Sponsor, current officers and other current directors have agreed to waive their redemption rights with respect to their Founder Shares in connection with the consummation of the Business Combination, and the Founder Shares will be excluded from the pro rata calculation used to determine the per share redemption price.

The Business Combination is conditioned on the approval of the Business Combination Proposal, the Nasdaq Proposal, the Charter Approval Proposal and the Director Election Proposal at the Special Meeting. All of the proposals are conditioned on the approval of the Business Combination Proposal, the Nasdaq Proposal, the Charter Approval Proposal and the Director Election Proposal at the Special Meeting, other than the Adjournment Proposal, which is not conditioned on the approval of any other proposal.

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We have entered into Subscription Agreements with the Private Placement Investors pursuant to which we anticipate raising additional proceeds to fund the Business Combination and related transactions through a private placement pursuant to which certain investors have agreed to purchase an aggregate of 35,000,000 shares of Class A Stock (the “*Private Placement*”) for a price of \$10.00 per share for an aggregate commitment of approximately \$350,000,000. The Private Placement is contingent upon, among other things, stockholder approval of the Business Combination Proposal and the closing of the Business Combination.

A majority of the issued and outstanding shares of the Company’s Common Stock entitled to vote as of the record date at the Special Meeting must be present, in person or represented by proxy, at the Special Meeting to constitute a quorum and in order to conduct business at the Special Meeting. The approval of the proposal to approve the transactions contemplated by the Merger Agreement, including the Business Combination, requires the affirmative vote of a majority of the votes cast by holders of our outstanding shares of Common Stock represented in person or by proxy and entitled to vote at the Special Meeting. The approval of the Nasdaq Proposal requires the majority of the votes cast by holders of our outstanding shares of Common Stock represented in person or by proxy and entitled to vote at the Special Meeting. The approval of the Charter Approval Proposal requires the affirmative vote of holders of a majority of our outstanding shares of Common Stock entitled to vote thereon at the Special Meeting. The approval of the Governance Proposal requires the affirmative vote of a majority of the votes cast by holders of our outstanding shares of Common Stock represented in person or by proxy and entitled to vote thereon at the Special Meeting. Directors are elected by a plurality of votes cast in the Director Election Proposal; this means that the seven individuals nominated for election to the board of directors of the Company (the “*Board*”) who receive the most “**FOR**” votes (among the shares of our Common Stock represented in person or by proxy and entitled to vote thereon at the Special Meeting) will be elected. The approval of the Incentive Award Plan Proposal, the Employee Stock Purchase Plan Proposal and the Adjournment Proposal requires the affirmative vote of a majority of the votes cast by holders of our outstanding shares of Common Stock represented in person or by proxy and entitled to vote at the Special Meeting. **The Board unanimously recommends that you vote “FOR” each of these proposals.**

By Order of the Board of Directors



Brenton L. Saunders

Chairman of the Board of Directors

Miami Beach, Florida
April 7, 2021

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INFORMATION ABOUT HYDRAFACIAL

This discussion highlights selected information included elsewhere in this proxy statement. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire proxy statement carefully, including the sections titled “Risk Factors,” “HydraFacial’s Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and HydraFacial’s consolidated financial statements and the related notes included elsewhere in this proxy statement, before making an investment decision. For purposes of this section, “HydraFacial” refers to LCP Edge Intermediate, Inc. and its subsidiaries.

Company Overview

Founded in 1997, HydraFacial is a category-creating beauty health company. Its offerings in skin care and scalp health occupy a position at the intersection of medical aesthetics and traditional skin and personal care products. HydraFacial treatments are convenient, affordable, personalized and have demonstrated effectiveness. HydraFacial distributes its products in 87 countries through multiple channels including day spas, hotels, dermatologists, plastic surgeons and beauty retail.

HydraFacial uses a unique, Vortex-Fusion Delivery System (as defined below) to cleanse, extract, and hydrate with proprietary serums that are made with nourishing ingredients, offering consumers a gratifying glow in just three steps and 30 minutes. Treatments can be further customized to address individual skin concerns and needs with the use of a variety of specific booster serums. HydraFacial makes skin care accessible to a broad consumer base at a relatively affordable price point and can be used by women and men of all ages and skin types. HydraFacial believes that its community of estheticians and providers, consumers and partners, which it calls, collectively, the “HydraFacial Nation,” is an important contributor to HydraFacial’s success and growth.

We believe that HydraFacial is a powerful platform for the providers of HydraFacial treatments to create loyal and satisfied customers who book this base service and, furthermore, create an opportunity for the providers to serve as trusted sources for additional offerings such as HydraFacial’s and its partners’ boosters, among other add-on offerings. HydraFacial’s data show that 20% of HydraFacial users receive at least six other skin care procedures annually, making them highly sought customers for providers. HydraFacial has also generated high Net Promoter Scores (“NPS”), a customer loyalty and satisfaction measurement assessed by asking customers how likely they are to recommend a certain product or service to others. Based on a study performed by a major consulting firm on our behalf which surveyed over 1,000 HydraFacial users, and consistent with studies conducted in the industry, HydraFacial enjoys a strong NPS of 40, which is much higher than the NPS scores for other skin care regimens reported as commonly used by HydraFacial users, which are typically between 2 and 25. HydraFacial’s NPS score among estheticians and providers, where awareness is higher, is 80.

HydraFacial has focused on educating and deploying estheticians on a worldwide basis. These estheticians are not HydraFacial employees or contractors, but nonetheless go on to become the brand’s greatest awareness drivers and advocates, and most often, the point of education for consumers. Consumer awareness of HydraFacial has continued to build due to the recommendations and influence of estheticians, who we believe the consumers view as trusted resources. The esthetician providers of HydraFacial treatments, many of whom have been highly trained by HydraFacial, are one of the critical components to its success and, ultimately, an important competitive advantage, since their cumulative training, expertise and skills help provide for a superior skin care experience for the consumer. HydraFacial’s goal is to elevate the capabilities, knowledge and economic benefits for estheticians globally. We believe HydraFacial’s products provide a compelling rationale for adoption and use by estheticians for the benefit of their consumers.

With more than 15,000 delivery systems currently across 87 countries globally, the HydraFacial brand spans across channels, through partnerships with medical professionals, spas and resorts, and beauty retailers like Sephora, in addition to co-branded strategic partnerships with global brands and international partners. Currently,

Sephora is HydraFacial's largest account globally. Among the providers of HydraFacial treatments, dermatologists, plastic surgeons and the estheticians at their offices have the most multiple units in their facilities.

HydraFacial's business model is based upon selling delivery systems that use a stream of consumables. HydraFacial's consumables include core serums, tips and boosters sold for single use for each treatment by the HydraFacial delivery system. Both the delivery systems and the related consumable revenue streams are highly profitable with very attractive product margin profiles. From 2016 to 2019, revenues grew at a CAGR of 52%, while adjusted EBITDA grew at a CAGR of 33%. Due to the impact of COVID-19 on HydraFacial's results during 2020, revenue grew at a CAGR of 26% while adjusted EBITDA decreased at a CAGR of (17)% from 2016 to 2020. HydraFacial's sales growth has been driven by delivery system growth in the U.S. and international markets and increasing revenue driven by its consumables. From 2016 to 2019, delivery systems grew globally at a CAGR of 28%.

HydraFacial has continued to focus on innovation, including in delivery systems and serums. With the successful launch of its Perk by HydraFacial for Sephora, which is at a lower price point, HydraFacial is expanding its retail reach. In addition, with the launch of Keravive in January of 2020, HydraFacial entered the emerging area of scalp health. Similar to the HydraFacial treatment, Keravive cleans, decongests and hydrates the scalp with growth factor serums. For both these products, HydraFacial and Keravive, we believe the combination of HydraFacial's delivery systems, consumables, provider training, consumers, powerful platform, ecosystem of partners and data flywheel creates a potent formula for growth.

Defining and Creating the Category

HydraFacial is a pioneer and key player in the emerging category of beauty health, which is an amalgamation of beauty and health science. The skin care beauty health industry encompasses players across the spectrum from skin correction at one end to skin care on the other. The skin correction end includes offerings such as fillers, toxins, lasers and ultrasound treatments and is generally administered by physicians. These offerings are typically at a higher price point compared to HydraFacial. This, combined with the fact that these treatments are administered in a clinical environment, can, in some instances, negatively affect demand from some consumers. The skin care end of the spectrum is a crowded space that is more consumer and marketing-focused, which can sometimes be confusing for consumers. HydraFacial seeks to position itself not as a substitute or competitor to either of these areas, but rather as a complement to offerings across the beauty health spectrum.

We believe HydraFacial treatments can be a gateway and a bridge to other skin correction and skin care services. Reports from HydraFacial's consumers and providers indicate that HydraFacial treatments are a frequent driver of both initial and repeat visits to medical spas. Boosters and other skin care products can be utilized in combination to personalize experiences with HydraFacial offerings. HydraFacial's data-based internal study demonstrated that 95% of HydraFacial consumers have used other treatments on the spectrum within the last year, and that HydraFacial consumers spend more per year than the average consumer on skin care products, cosmetics, cosmetic dentistry, hair care products, injectables and other medical aesthetic treatments.

In addition, the emerging trend of "clean beauty" is a positive tailwind for HydraFacial. Clean beauty places an emphasis on unveiling clean skin, as opposed to covering it up. HydraFacial aims to help consumers accomplish this with innovative serums with improved, clean ingredients. Another tailwind is the increasing willingness of consumers to spend money on high-end beauty health experiences. HydraFacial participates in two of the high-growth categories within personal care – skin care and hair care. HydraFacial's products and offerings allow the providers of HydraFacial treatments to cross sell and upsell to the end consumers. We believe that HydraFacial is a "both/and" company that complements rather than replaces other personal care products and services, and is creating the HydraFacial Nation, a passionate and loyal community of consumers with a high potential of lifetime value both within the HydraFacial brand and beauty health in general.

HydraFacial's Product

THE HYDRAFACIAL SIGNATURE TREATMENT

\$200 Average cost 30 Minute treatment Monthly Recommended frequency 3 Core Serums 15 Boosters of which 8 are partner boosters	1 CLEANSE   →  BASE TIP UPGRADES - Vortex cleaning and hydra peel exfoliation cleanses the skin and exfoliates the outermost layer, removing dead skin cells - Allows skin to reflect more light, inciting the 'glow'	2 EXTRACT   EXTRACTION TIP - Non-irritant acid peel comprised of salicylic and glycolic acid loosens up pore debris and dirt - Extraction utilizes strong vacuum suction to remove blackheads and other impurities from the skin
3 HYDRATE   VORTEX FUSION TIP - Delivers Hyaluronic Acid, Peptides and other pro-antioxidant formulas into the skin - Detoxifies and rejuvenates, creating healthy skin structure and function	+ BOOST   BOOSTERS - Boosters are made to address specific skin concerns such as acne, hyperpigmentation, dry skin and wrinkles - HydraFacial has a number of proprietary boosters as well as partner boosters	

We believe that HydraFacial provides favorable economic and strategic value to physicians, physician extenders, estheticians, beauty-retail and health & wellness channel business owners. For consumers, HydraFacial treatments are relatively inexpensive when compared to medical aesthetic offerings. To the providers, the system provides an attractive margin and a desirable return-on-investment within what is typically a relatively short payback period. This, combined with the ability to generate a stream of revenues from the treatments, as well as the opportunity to upsell and cross-sell other services has been shown to make HydraFacial a compelling economic opportunity for skin care providers and their practices. For physicians and physician extenders, HydraFacial can represent a meaningful 'trip driver' to the physician's office, where ancillary services and products can be sold. For a spa, a retail destination or a gym, it can represent a way to increase lifetime value and loyalty for a customer.

HydraFacial intends to continue placing delivery systems and marketing consumables, including upsell opportunity products and its popular company branded and partner boosters. In addition, HydraFacial will seek to capitalize on its operating platform and management talent to build a multi-faceted and powerful growth flywheel based on the following five key components:

1. Introducing HydraFacial's next generation technology to increase current consumer and provider engagement and harness the power of data derived from this engagement
2. Growing HydraFacial's base of engaged consumers

3. Expanding HydraFacial's base of brand ambassadors through increased collaboration and support of its community of estheticians.
4. Maximizing, the high return on investment that a HydraFacial delivery system offers to its providers
5. Increasing HydraFacial's investment in training, sales and marketing and R&D to expand brand awareness, further drive sales and continue to introduce innovative high-demand products

HydraFacial's History

HydraFacial was founded in 1997 under the brand name Edge Systems with S.A.F.E. Smoke Evacuation. In 2001, HydraFacial developed the first U.S. patented microdermabrasion system, bringing to market a new innovative technology that bridged the gap between invasive skin correction treatments and traditional skin care products. The original microdermabrasion delivery systems used aluminum oxide to exfoliate the skin, which was a dry abrasion technology. In 2005, Edge launched HydraFacial's innovative hydradermabrasion delivery system. This upgraded delivery system uses both a chemical and physical exfoliation process through applying nutrient rich serums with exfoliating ingredients like lactic and glycolic acids while the Vortex-Fusion tips provide a physical exfoliation.

In December 2016, two leading private equity firms, Linden Capital Partners and DW Healthcare Partners, acquired HydraFacial, following which the current core management team was appointed. The new management team instituted the value creation plan to drive growth and brand awareness and re-branded the company as HydraFacial in May 2017. To drive awareness, the team launched, in May 2018, World Tour, a traveling marketing initiative directed towards the HydraFacial Nation community of consumers and estheticians. The World Tour HydraFacial bus visited 16 major metro areas from coast to coast and evolved into a key marketing tool for HydraFacial. In Fall of 2018, the company also opened its first HFX training center in Long Beach, California. Orlando, Florida was added in the spring of 2019, followed by Dallas, Texas later in that year. In addition, HydraFacial opened direct markets in certain Asian and European countries during the second half of 2018, and established training and experience centers directly and through distributors.

From 2016 through 2019, HydraFacial generated compounded annual revenue growth of more than 50% with 3.2 million HydraFacial treatments performed in 87 countries in 2019. In 2020, amidst the COVID-19 pandemic, HydraFacial swiftly adapted its organization and operations to not only navigate the crisis, but also emerge in a position of relative strength. In summer of 2020, HydraFacial launched HydraFacial CONNECT, a global esthetics certification program and continued to provide training by conducting live online education programs. At the same time, HydraFacial integrated and streamlined its assembly and warehouse operations at a new facility and implemented a warehouse management system. HydraFacial sold more than 2,000 new delivery systems from March 2020, when shutdowns were initially imposed, through December 2020.

Industry Overview

Changes in Demographic Trends and Consumer Preferences are Driving the Emerging Generation of Beauty Health Products

There are several emerging trends that we believe will play a key role in shaping the future of the beauty health industry. HydraFacial's market research conducted in 2019 demonstrated that consumers are increasingly willing to spend on high-end beauty health products. Some of the key industry trends identified by this market research are:

1. *Millennials aging:* As they grow older, millennials are taking skin care more seriously and willing to invest in premium treatments. They also prefer to spend on experiences rather than products. Millennials comprise 22% of the U.S. population as of December 1, 2020.
2. *Influencers and social media driving purchase decisions:* Social media personalities are increasingly opining and having an effect on skin care, which has gained more prominence in the age of selfies.

3. *Growth in disposable income:* As the global economy grows, consumers have more disposable income to spend on premium products.
4. *Shift in spend from makeup to skin care:* There is an increasing movement towards treating underlying skin to make it healthy and reveal it, as opposed to using products such as make up to cover it.
5. *Growth in multi-brand and online retailers:* Multi-brand retailers such as Sephora and digital native brands play an important role in captivating the consumer and pushing innovation.
6. *Consumers shopping across mass and premium brands:* Consumers are willing to shop across mass and premium in order to allocate more money towards trending categories and products.

Beyond these factors, HydraFacial's market research indicates that consumers have a variety of expectations from the beauty health industry. They seek to engage with brands and products that not only offer results but do so quickly and meet their emotional needs as well. HydraFacial believes that it has built the business in such a way that it can deliver on all these fronts by adding health to beauty, making it accessible for people across ages, races and genders to elevate skin health, and doing so in a convenient and accessible manner. HydraFacial is also working on strategic initiatives in the area of clean beauty.

HydraFacial Participates in two High-Growth Areas Within Personal Care

According to Euromonitor, global skin care and hair care sales are expected to continue growing over the next several years. According to these data, the global skin care, personal care and hair care markets were estimated to be between \$200 billion and \$260 billion in 2019. The global skin care market alone was \$140 billion in 2019 and projected to grow at a 3.8% CAGR from 2019-2024.

We expect continued success in the category as consumer preferences continue to shift towards self-care and personal wellness. According to Euromonitor, skin care is expected to drive approximately ~75% of all incremental beauty sales from 2019 through 2024. The global skin care and hair care markets are currently estimated to be over \$200 billion and expected to grow at a 3% CAGR from 2019 to 2024. We believe that HydraFacial has significant potential opportunities in key beauty health markets such as Brazil, Japan, Korea and China. We believe that HydraFacial has a strong market position as a category creator and benefits from brand, scale, IP, community and partnerships that should provide multiple levers to drive growth across channels and geographies.

HydraFacial's patented technology addresses all skin, regardless of type, age or gender. Its business model has a multi-channel focus that services medical clinics, med spas, spas & resorts and beauty retail, allowing it to broaden accessibility and reach the consumer wherever they are.

Consumers are Seeking Approachable and Effective Skin Health Solutions that Bridge the Gap between Over the Counter and Invasive Options

HydraFacial is positioned at the intersection of three large and growing industries: skin care, spa services and medical aesthetics. We believe that the characteristics that anchor HydraFacial in all of these categories include the following, as supported by HydraFacial's 2019 market research:

1. HydraFacial consumers have highly developed skin care routines, spending more than \$500 per year on skin care products and treatments.
2. The HydraFacial treatment itself is considered to be a 'reprieve/escape' aligning closely to spa experiences.
3. HydraFacial is associated with results that are considered almost immediate but lasting.

Historically, consumers have accessed skin care in three different ways. One approach is through the professional skin care channel. Treatment options in this channel are predominantly more invasive and include

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skin corrections such as lasers, fillers and toxins. These treatments are effective, relatively infrequent and delivered through medical, spa services and aesthetic channels. The second approach has generally been through lifestyle channels such as obtaining manual facials at hotels, spas, and gyms. The third approach is over-the-counter, traditional skin care. Products in this channel have varying efficacy, and are recommended for daily use. Consumers purchase products through distribution channels that align with the brand of the product, including e-commerce, specialty retail, department stores and mass retail.

HydraFacial seeks to bridge the professional skin care, lifestyle and retail channels by complementing the offerings of all three. HydraFacial identifies itself as a “both/and” company, not an “either/or” company. We believe that HydraFacial’s complementary nature drives a significantly wider total addressable market.

Spa Services, Beauty Retail and Medical Aesthetics are Highly Attractive Channels

Spa services and providers are growing across all types of treatments, particularly in facials. According to market research commissioned by HydraFacial, there is an 11.1% expected growth in US Medical Spa Services from 2017-2025E. Within that, facial treatments are expected to grow at 12.0% in the same time period.

Beauty retail creates a direct relationship with the consumer, while also providing a channel to engage directly and separately from the estheticians. Beauty retailers such as Sephora are a primary channel of purchase for engaged beauty consumers. Having an in-store presence and educating consumers drives acquisition of cross-category customers and, we believe, the highly attractive heavy beauty user.

The medical aesthetics channel is driven by a close relationship between the provider and consumers. Maintaining strong relationships with providers will allow HydraFacial to drive sales through recommendations, in turn creating a flywheel of advocacy and repeat purchases.

Competitive Strengths

Differentiated brand associated with technologically advanced product offering.

The HydraFacial delivery system and consumables offer an effective, non-invasive and accessible skin treatment experience. The HydraFacial signature treatment utilizes an innovative approach using a delivery system to provide, within approximately 30 minutes, a three-step experience to cleanse, extract and hydrate skin, offering an immediate outcome and a gratifying glow. The treatment can be further customized to address individual skin concerns and needs with the use of a variety of specific booster serums. We believe the HydraFacial system delivers repeatable, consistent and immediate results. The systems are easy to use and estheticians can be easily trained. When compared to a manual facial, the benefit of the HydraFacial experience is that it leaves the consumer without any noticeable redness, blemishes, markings or breakouts. HydraFacial’s product offerings are protected by a trademarked HydraFacial brand as well as 41 patents, with another 21 pending. The product is further differentiated by the brand awareness among estheticians and consumers.

Large and growing install base.

HydraFacial has a two-pronged approach to growth. HydraFacial intends to continue the growth of delivery systems placements globally. Consequently, we expect to see an increase in revenues from consumables used in the delivery systems. HydraFacial currently has an install base of over 15,000 delivery systems. The growth of new delivery system sales has been durable since 2016. HydraFacial placed more than 2,000 delivery systems between March and December 2020 despite many provider locations being temporarily closed as a result of COVID-19 government mandates. The growth in the delivery systems was driven by continued esthetician demand, domestic sales momentum and significant growth from international expansion. HydraFacial now has delivery systems in 87 countries worldwide.

Business model focused on the esthetician.

HydraFacial has built the HydraFacial Nation, a community of loyal estheticians and consumers. HydraFacial has accomplished this through its innovative skin care solutions, education and comprehensive training programs, combined with sales and marketing initiatives and impactful social media campaigns. The HydraFacial delivery system and consumables offer favorable economics for providers. In addition, based on HydraFacial's market research, 20% of HydraFacial users receive more than six other treatments in a given year thereby driving additional spend on other products for the esthetician. We expect that this repeat business will also provide opportunities for upselling HydraFacial products. HydraFacial has built a strong community of estheticians that are the products' biggest advocates. For example, a majority of HydraFacial related social media postings are voluntarily shared by providers of HydraFacial treatments and their customers. HydraFacial focuses its sales efforts on empowering and educating the esthetician regardless of the channel.

Strategic Initiatives for Driving Growth and Building a Premier Company in Beauty Health

We believe HydraFacial's investments in innovation, brand, providers, customers, and infrastructure position it to continue delivering industry-leading growth. HydraFacial's goal is to be the world's largest educator of estheticians. We believe that HydraFacial is an ideal platform to add new product offerings towards the vision of building a premier beauty health company. Building on its proven track record of growth, HydraFacial plans to focus on four key initiatives.

1. ***Innovation:*** As a category creator, HydraFacial is focused on innovation in beauty health. HydraFacial intends to launch, in 2022, a next-generation delivery system with personalized services. The new delivery system will connect the consumer with both the esthetician and HydraFacial, as well as incorporate Radio-frequency identification (RFID)-enabled technology and remote service monitoring. HydraFacial also delivers continuous innovations in serums, new iterations of which are launched multiple times per year, and new boosters to further personalize HydraFacial's treatments and bring recognizable brand partners to the ecosystem. In January of 2020, HydraFacial expanded into scalp health with the launch of Keravive using its core technology to broaden the ways in which HydraFacial can help its consumers on their beauty health journey.
2. ***Drive consumer demand within the ecosystem:*** HydraFacial has identified four key levers to increase demand: increased marketing of the brand, additional partnerships to increase brand awareness, improved provider education, and creation of retail pop-up locations to engage in a targeted way with the providers and consumers. In 2019, HydraFacial had 2.3 billion media impressions largely generated by unpaid consumer and provider social media postings. HydraFacial also had a high return on its World Tour program, where a HydraFacial marketing event is held in a city, offering free treatments to consumers offered by local providers. We believe HydraFacial can further spur growth through increased spend on marketing. We intend to launch a targeted, efficient digital marketing strategy, leveraging a "test and react" strategy to ensure the marketing dollars are used most efficiently.
3. ***Leverage technology to fuel growth end-to-end:*** To be ready to maximize next generation opportunities, HydraFacial is working on new, scalable initiatives to effectively use data to create a circle of connection among HydraFacial, providers and end consumers. This digital expansion of the product offering is intended to allow for greater personalization of the experience, the creation of a consumer loyalty program, targeted marketing and promotion, and a consistent and seamless experience anywhere in the world.
4. ***Expand global footprint:*** Despite its presence in 87 countries, HydraFacial is in the early stages of its global expansion and there are a few clear next steps to further increase awareness with consumers globally. We plan to increase sales offices with support in HydraFacial's top markets. We also plan to acquire distributors in these top markets so that we can have a direct relationship with customers and consumers in these key geographies. To increase brand awareness and bring more consumers in to the HydraFacial ecosystem, HydraFacial has partnered with Sephora where it is introducing a younger, lower price point consumer to the HydraFacial brand. We have plans to partner with other leading retailers as well to introduce the HydraFacial brand to new segments of the global population.

Competition

The HydraFacial experience is positioned as complementary to other treatments. Receiving a HydraFacial does not preclude other treatments, and vice versa. The beauty health market is fragmented with the key players in facial skin care including manual facial treatments and some alternative offerings such as Diamond Glow, OxyGeneo, Venus Glow, and JetPeel. HydraFacial's efforts to expand brand recognition, grow its community of providers, invest in marketing capabilities and reach consumers across every touchpoint will allow us to compete effectively as we expand globally. HydraFacial is focused on expanding the category and creating a premier beauty health experience.

Sales and Marketing

HydraFacial's ability to effectively market is critical to its operational success. HydraFacial's marketing spend is based on a targeted "push and pull" marketing model that takes engages with both providers and consumers. On the push side, HydraFacial intends to continue investing in training estheticians and providers, creating a loyalty program and support other ongoing engagements. On the pull side, HydraFacial intends to continue its efforts on targeting marketing activation of consumers by using digital and location-based engagement. The World Tour and City Takeovers are examples of activating pull demand. Total expenses for marketing and digital in the year ended 2020 were \$10.1 million, approximately 8% of HydraFacial's net sales.

Over the last few years, HydraFacial has focused on developing the marketing "pull" side by creating consumer demand, which is expected to be one of the key elements of growth and lead to an increase in reoccurring revenue for HydraFacial in the spas and facilities where treatments are performed. This transition from B2B to B2C began with the rebranding in 2017, which provided a unique, differentiated identity that stood out among all others in the industry.

HydraFacial believes that transformational experiences are the catalyst to brand awareness. Beginning with the World Tour in 2018, with some temporary disruption as a result of the pandemic, HydraFacial has focused on bringing the spa on wheels to high-traffic, highly targeted consumer growth markets to provide treatments on the spot. The event reservations frequently fill-up within 24 hours and passerby consumers have waited in line for hours just for the chance to try HydraFacial's products.

Customers

HydraFacial currently sells more than 60% of its delivery systems and consumables into the medical channel. No individual customer accounted for 5% or more of HydraFacial's net sales in fiscal 2020. HydraFacial expects that trend to continue on a global scale. In 2020, HydraFacial's United States and Canadian markets comprised approximately 70% of total revenue, with the remaining 30% coming from all other international channels. We expect higher growth globally given the early entry timing in China, Japan, South Korea and France.

As is customary in the industry, none of HydraFacial's customers are under an obligation to continue purchasing products from HydraFacial in the future.

Properties

HydraFacial's corporate headquarters are located in Long Beach, California, where HydraFacial occupies facilities totaling approximately 22,500 rentable square feet under a lease that expires in March 31, 2033. HydraFacial uses these facilities primarily for management, technology, product design, sales marketing, finance, legal, human resources and general administrative teams.

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HydraFacial leases a 105,000 square foot warehouse and production facility in Long Beach, CA under a lease that expires on April 5, 2024. HydraFacial also leases warehouse space in Signal Hill, CA under a lease that expires on May 31, 2022. HydraFacial leases small customer education and training centers in Chicago, IL, Dallas, TX and Orlando, FL on a short-term basis. Outside of the United States, HydraFacial also leases several small office spaces in China, the United Kingdom and Japan for sales and marketing employees in those markets.

HydraFacial does not own any real property.

Employees

HydraFacial believes that one of the biggest drivers in its rapid growth and success since 2017 is its employees and the culture that attracts them. HydraFacial has built a team of industry professionals focused on beauty health. HydraFacial's culture focuses on a fast moving and outcome oriented mindset that, combined with the passion for HydraFacial Nation, seeks to drive growth and success of HydraFacial. As of December 31, 2020, HydraFacial had 406 full-time employees, with 209 of these employees located in the Long Beach, CA headquarters, 135 in North America field sales and 62 internationally. None of HydraFacial's employees are represented by a labor organization or are a party to any collective bargaining arrangement.

HydraFacial is mindful of diversity during the candidate-sourcing, recruiting and retaining processes and believes that diversity is key to HydraFacial's culture and long-term success. As of December 31, 2020, 67% of all employees identify as female, and 55% of HydraFacial's leadership team identify as male. In the U.S., 48% of employees identify as Black or African American, Hispanic or Latino, American Indian, Alaska Native, Asian American, Native Hawaiian or other Pacific Islander. HydraFacial strives to foster a supportive environment that cultivates professional growth and encourages employees to continuously develop their skills. HydraFacial considers its relationship with employees to be vital, and it is focused on effective attraction, development, and retention of, and compensation to, human resource talent and creating a best place to work.

Trademarks, Patents and Domain Names

HydraFacial owns and has applied to register numerous trademarks and service marks in the U.S. and in other countries throughout the world. Some of HydraFacial's trademarks are of material importance. The duration of trademark registrations varies from country to country. However, trademarks are generally valid and may be renewed indefinitely as long as they are in use and/or their registrations are properly maintained. HydraFacial also hold patents on certain products, systems and designs including several issued US patents directed to features of the HydraFacial MD® liquid-based skin exfoliation system. These issued patents include a patent, which will expire in 2026, directed to the manifold and console of the HydraFacial MD® system. Another set of these issued patents, which will begin to expire in 2026, are directed to skin treatment tips used in the HydraFacial MD® system. In addition, HydraFacial has registered and maintains numerous Internet domain names.

Seasonality and Quarterly Results

HydraFacial's business is subject to moderate seasonal fluctuations, of which HydraFacial's fiscal third quarter and fourth quarters typically experiences higher revenues and operating income. However, the COVID-19 pandemic may have an impact on consumer behaviors that may result in temporary changes in the seasonal fluctuations of HydraFacial's business. As a result of moderate seasonal fluctuations, results for any interim period are not necessarily indicative of the results that may be achieved for the full fiscal year.

Government Regulation

As a consumer-driven beauty health organization delivering comprehensive beauty health services and treatments, we are subject to the laws of the United States and multiple foreign jurisdictions in which we operate and the rules and regulations of various governing bodies, which may differ among jurisdictions. HydraFacial's

business and operations is also subject to regulation by the Food and Drug Administration (“FDA”). Compliance with these laws, rules and regulations have not had, and are not expected to have, a material effect on our capital expenditures, results of operations and competitive position as compared to prior periods.

Post-Approval Regulation of Medical Devices

After a product is placed on the market, numerous regulatory requirements continue to apply. In addition to the requirements below, adverse event reporting regulations require that we report to the FDA any incident in which our product may have caused or contributed to a death or serious injury or in which our product malfunctioned and, if the malfunction were to recur, would likely cause or contribute to death or serious injury. Additional regulatory requirements include:

- product listing and establishment registration, which helps facilitate FDA inspections and other regulatory action;
- Quality System Regulation, which requires manufacturers, including third-party manufacturers, to follow stringent design, validation, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- labeling regulations and FDA prohibitions against the promotion of products for uncleared, unapproved or off-label use or indication;
- clearance of product modifications that could significantly affect safety or effectiveness or that would constitute a major change in intended use of one of our approved medical products;
- notice or approval of product or manufacturing process modifications or deviations that affect the safety or effectiveness of one of our approved medical products;
- post-approval restrictions or conditions, including post-approval study commitments;
- post-market surveillance regulations, which apply, when necessary, to protect the public health or to provide additional safety and effectiveness data for the medical product;
- the FDA’s recall authority, whereby it can ask, or under certain conditions order, device manufacturers to recall from the market a product that is in violation of governing laws and regulations;
- regulations pertaining to voluntary recalls; and
- notices of corrections or removals.

Advertising and promotion of medical devices, in addition to being regulated by the FDA, are also regulated by the FTC, and by state regulatory and enforcement authorities. Promotional activities for FDA-regulated products of other companies have been the subject of enforcement action brought under healthcare reimbursement laws and consumer protection statutes. Furthermore, under the federal U.S. Lanham Act and similar state laws, competitors and others can initiate litigation relating to advertising claims. In addition, we are required to meet regulatory requirements in countries outside the United States, which can change rapidly with relatively short notice.

Legal Proceedings

From time to time, HydraFacial may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of litigation and claims are inherently unpredictable and uncertain, HydraFacial is not currently a party to any legal proceedings the outcome of which, if determined adversely to HydraFacial, are believed to, either individually or taken together, have a material adverse effect on its business, operating results, cash flows or financial condition. Regardless of the outcome, litigation has the potential to have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.