



**NBG Insights: MedSpa &
Aesthetic Services**

January 2023

The MedSpa & Aesthetic Services market is highly attractive for investment

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Alignment with long-term consumer preferences

- ✓ Aligned with long-term consumer preferences around investing in wellness, personal care, and aesthetics
- ✓ In particular, demand for anti-aging solutions is growing due to:
 - De-stigmatization
 - Aging of millennials
 - Social media usage
 - Introduction of new procedures

2

Recurring, effective services

- ✓ Many MedSpa services are recurring in nature, requiring periodic “upkeep”
- ✓ Treatments have high efficacy
- ✓ Combination of above creates compelling business model with attractive unit economics and high customer lifetime value

3

Growing market with resilient demand

- ✓ \$15B+ segment of consumer healthcare with steady 5%+ growth, 10%+ for some services
- ✓ Growth through prior recessions, demonstrating persistent and resilient demand
- ✓ No reimbursement risk

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Fragmented landscape

- ✓ >80% of the estimated 4k+ pure-play medspas are single location operators
- ✓ Few national brands, largest has <200 units¹

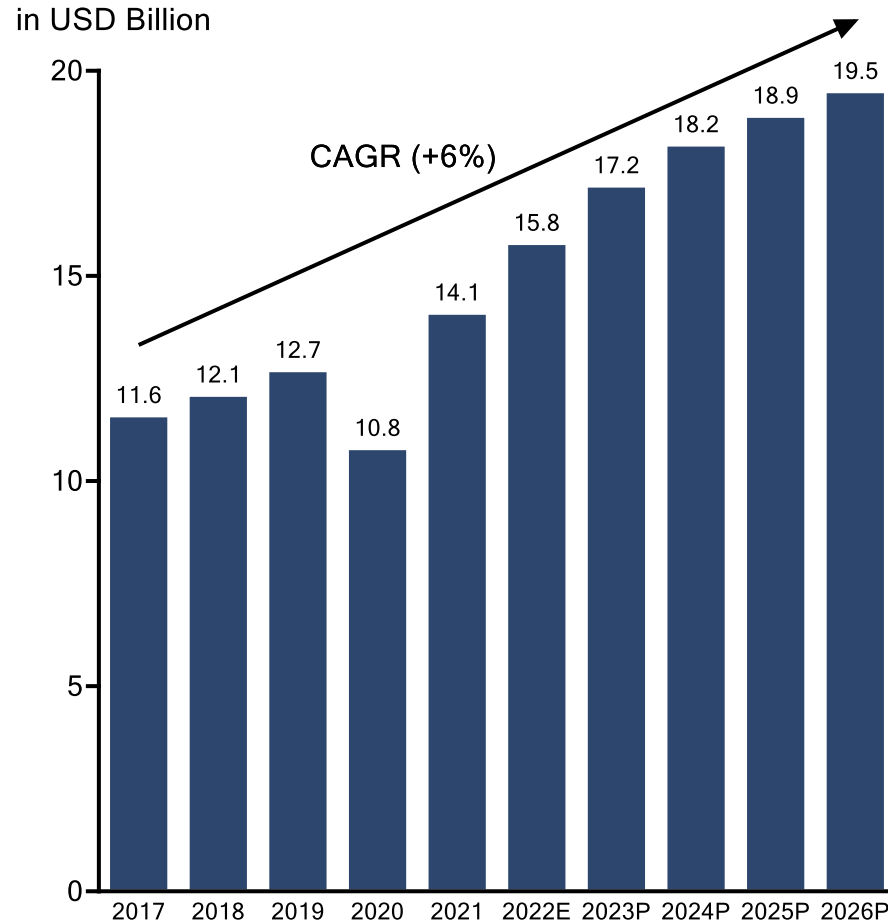
Greatest opportunity exists for a) pure-play medspas with modern brand and format or b) medical practices with focus on wellness and/or cosmetic services.

These models will grow at faster rate than market and create most enterprise value

1. Excludes massage-focused brands

Overview of MedSpa market



US Medical Spa Market Size



Growth Drivers

- **Anti-aging treatments** including fillers, neuromodulators, micro needling are highest growth segments
- **De-stigmatization** and openness around aesthetic procedures, particularly among younger demographics
- **Recurring nature** of services means demand grows year after year as patient base expands

Market segmentation

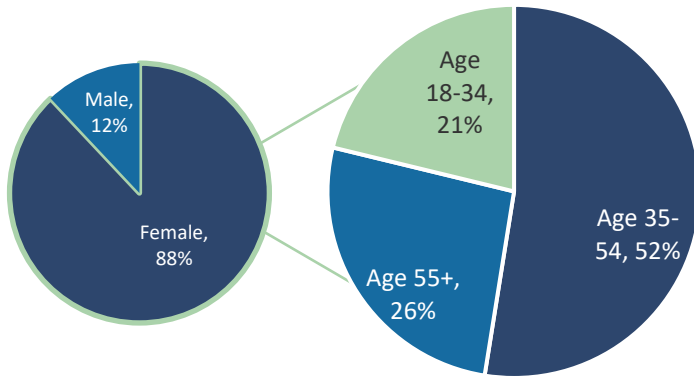
Service Type	Prototype	Description	Retail Brands	Products	Market Size	Market Growth
Neuromodulators		<ul style="list-style-type: none"> Injectables used primarily to reduce the appearance of facial wrinkles; medical applications also exist (e.g. sweat reduction) Recurring service: consumers get 2-4 treatments per year as is required to maintain effect 	<ul style="list-style-type: none"> Ideal Image Ever/body Peachy Doctors offices 	<ul style="list-style-type: none"> Botox Dysport Xeomin 	US\$ 3.6 B	8.0% CAGR
Fillers		<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 often use them multiple times per year (2-3) to maintain their desired appearance 	<ul style="list-style-type: none"> Ideal Image Ever/body Plump Peachy Doctors offices 	<ul style="list-style-type: none"> Juvéderm Radiesse Restylane 	US \$ 3.8 B	10.5% CAGR
Laser Treatments		<ul style="list-style-type: none"> Laser-based treatments for hair removal and other skin problems (e.g., acne scarring, fine lines, wrinkles, sunspots), as well as tattoo removal Semi-permanent, but requires multiple treatments (6+ depending on area of the body) as part of a package 	<ul style="list-style-type: none"> Milan Laser Laser Away Removery 	<ul style="list-style-type: none"> Candela GentleMax LightSheer 	US\$ 2.9 B	1.9% CAGR
Body Contouring		<ul style="list-style-type: none"> A nonsurgical fat reduction procedure that uses applicators that freeze away fat cells, reducing overall fat deposits Body contouring typically requires 2-3 treatments for each area of the body, offered as part of a package and taken over weeks or months 	<ul style="list-style-type: none"> Sono Bello Elite Sculpting 	<ul style="list-style-type: none"> Cool Sculpting 	US\$ 0.6 B	3.4% CAGR
Micro-Needling		<ul style="list-style-type: none"> Treatment using micro 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 	<ul style="list-style-type: none"> Evolve Medspa Secret Medspa 	<ul style="list-style-type: none"> Morpheus8 Profound RF 	US\$ 0.21B	7.9% CAGR
Ultrasound Therapy		<ul style="list-style-type: none"> A non-invasive, alternative to a surgical facelift that works by boosting collagen Used to counteract signs of aging like skin sagging, wrinkles on the face, neck, and chest, as well as drooping of the brow area Requires annual treatment for continued benefits 	<ul style="list-style-type: none"> American Laser Medspa Rejuvenation MD 	<ul style="list-style-type: none"> Ultherapy 	US\$ 0.8 B	8.5% CAGR
Facials		<ul style="list-style-type: none"> Use of chemicals, serums, scrubs and applicators to help tone and tighten the skin, increase blood circulation, and renew skin cells Includes chemical peel, microdermabrasion, HydraFacials, etc. To maintain results, facial therapies are typically a repetitive service that can be done as frequently as once a month 	<ul style="list-style-type: none"> Heyday Glowbar Silver Mirror Ever/body 	<ul style="list-style-type: none"> NA 	US\$ 0.35B	7.1% CAGR
Other Services		<ul style="list-style-type: none"> Various other services related to cosmetic appearance or health & wellness may be offered in Medspas such as massages, nail treatments, waxing, IV treatments 	<ul style="list-style-type: none"> Hand & Stone Massage Envy European Wax Center Restore 	<ul style="list-style-type: none"> NA 	Varies	Varies



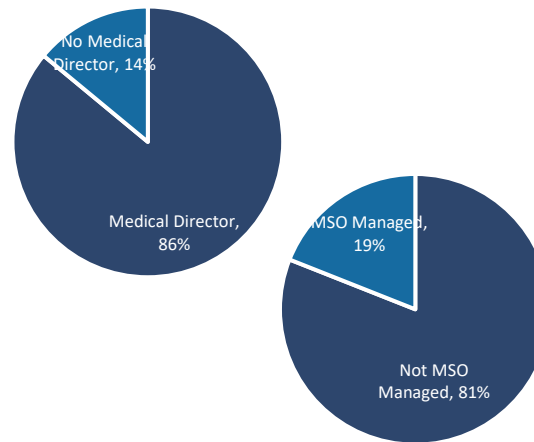
MedSpa market key stats

"Medical spas...combine some medical procedures normally performed in a doctor's office with the experience of a day spa"¹

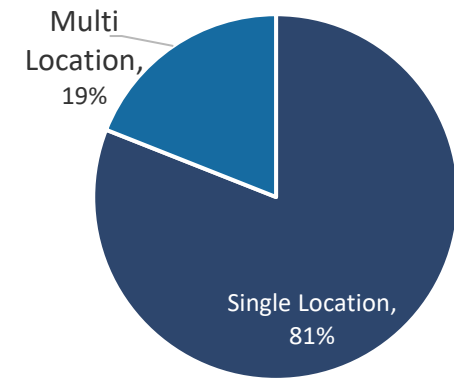
Primary patient is female age 35-54



Medical Directors, but not MSOs, used by vast majority of medspas



Market dominated by single-location spas



\$536 average spend per patient per visit



~35% customer churn (65% repeat customer rate)

- Medical directors are MD/DOs, surgeons, or NPs
- In most cases, semi-invasive procedures such as botox or IV require a medical provider to administer
- Other services such as facials can be performed by estheticians

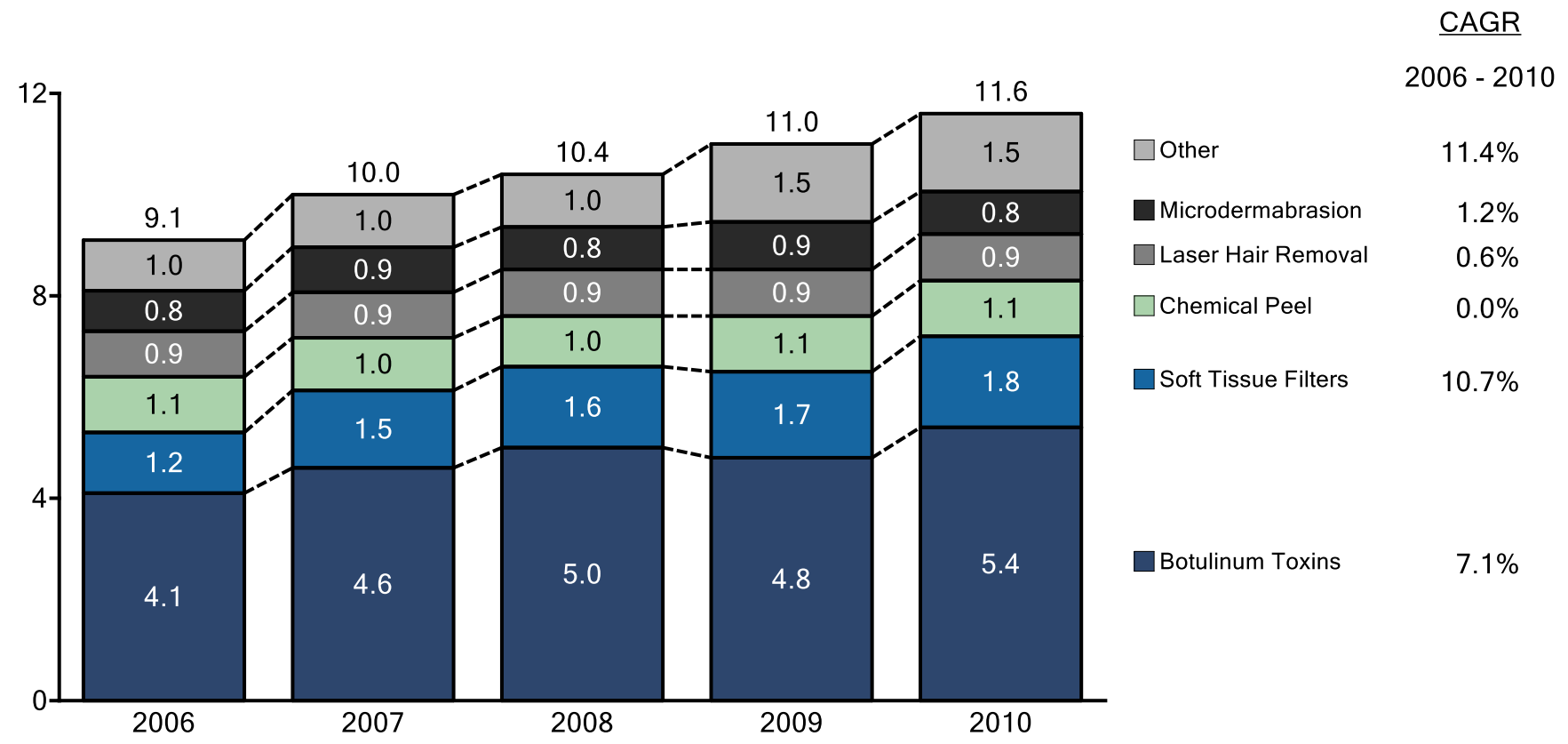
- ~8000 clinics offering aesthetic services in the US, of which ~50% are pure play MedSpas
- Of the 19% of companies with >1 location, 51% have only 2 locations

Medspa services offered in various contexts, but increasingly in pure play format

	Procedures	Description	Key Players
Pure-Play Medspas (50-70% of total)	<ul style="list-style-type: none"> ■ Neuromodulators ■ Fillers ■ Lasers ■ Body Contouring 	<ul style="list-style-type: none"> ■ Primarily focused on noninvasive 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	<ul style="list-style-type: none"> ■ Breast Augmentation ■ Tummy Tuck ■ Liposuction ■ Neuromodulators 	<ul style="list-style-type: none"> ■ 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 remains a small portion of overall revenue 	
Dermatology Offices	<ul style="list-style-type: none"> ■ Eczema Treatments ■ Melanoma ■ Microneedling ■ Neuromodulators 	<ul style="list-style-type: none"> ■ 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 	
At-Home Services	<ul style="list-style-type: none"> ■ Neuromodulators ■ Fillers 	<ul style="list-style-type: none"> ■ 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 	<p>Individual Nurse Injectors</p>



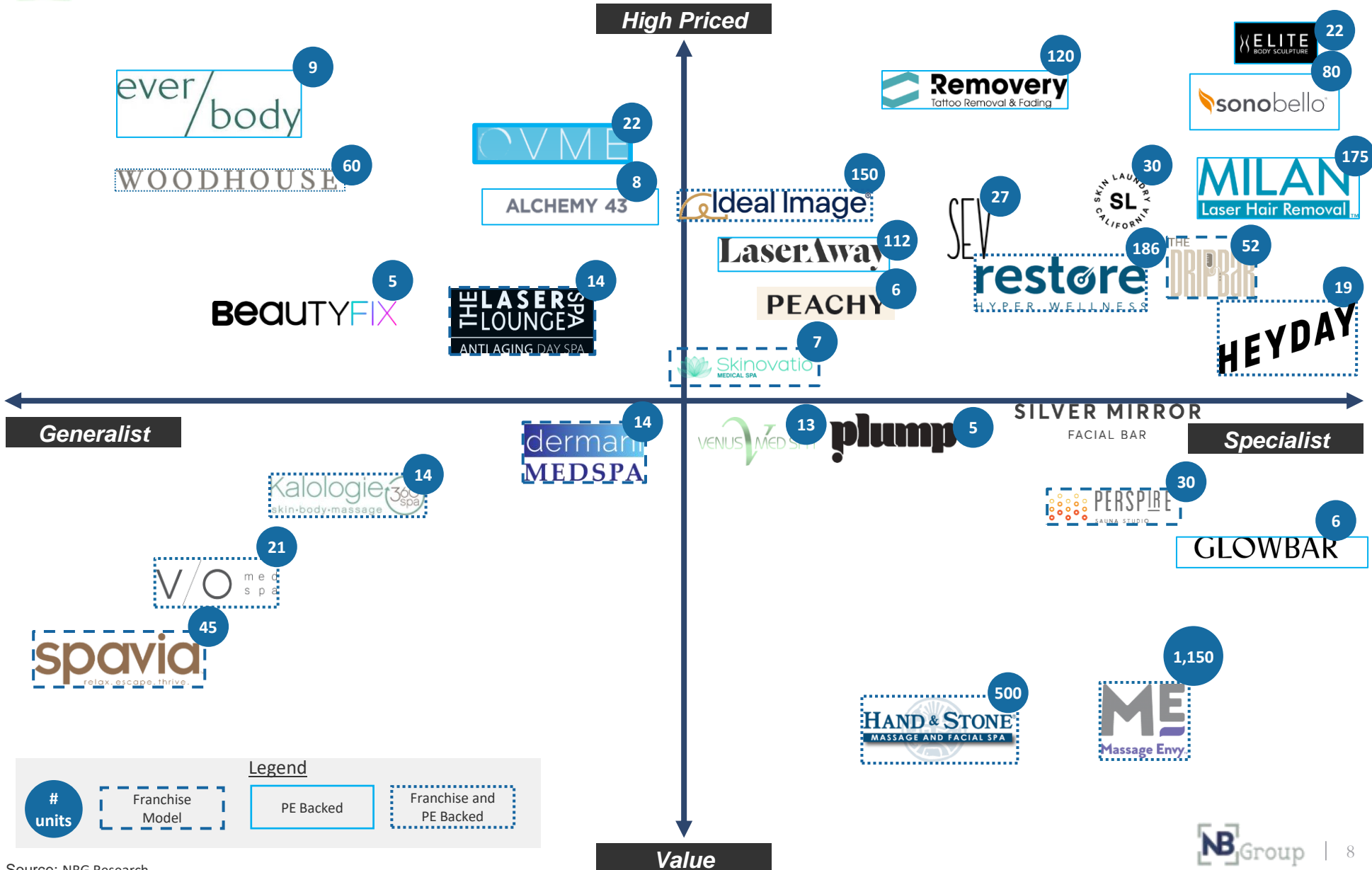
Medspa market grew during 2008-09 recession demonstrating resiliency of demand



Source: Harris Williams



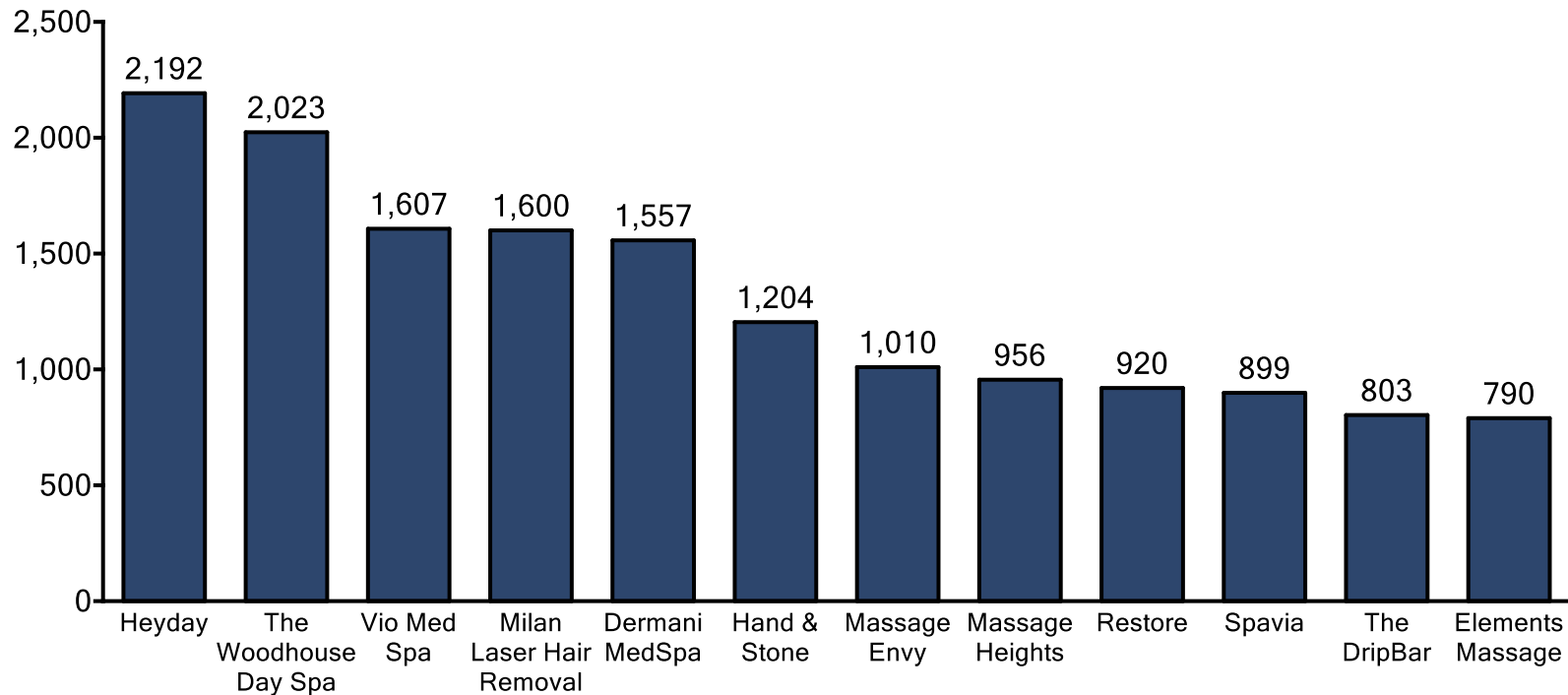
Market landscape: multi-unit pure play MedSpas



Average unit volumes range from 800K to 2M across the industry

Below includes franchised concepts or others with publicly available information

Average Unit Volume by Concept





MedSpa concepts can have highly attractive returns on capital

Below are select examples

Year 3 Cash on Cash Returns

	Spavia	Dermani	Milan Laser	Concept X
Revenue	\$899	\$1,557	\$1,310	\$1,197
EBITDA	\$221	\$169	\$760	\$370
Initial investment	\$446	\$466	380	280
Cash on cash	49%	36%	200%	132%

Keys to success in MedSpa space



Compelling unit economic model generating >\$1M+ AUV and/or <2.5 year payback



Single-service category leader (e.g. Milan Laser) or multi-service offering capable of evolving service mix to where the market is



Attractive branding and in-store experience



Strong marketing function with effective customer acquisition



Please get in touch with us

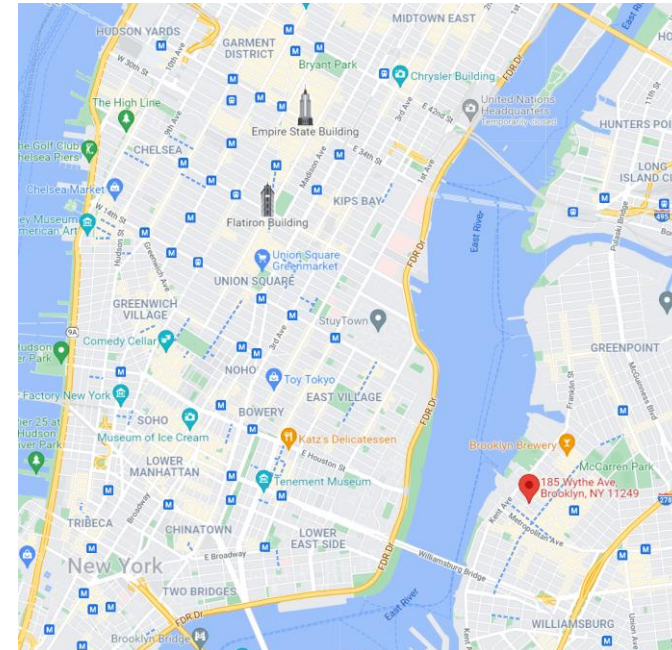
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Location



NB Group

185 Wythe Ave, Fl 2
Brooklyn, NY 11249

 Company profiles

“Skin and body treatments to nurture your natural beauty”

Company overview

- Ever/body was founded as a way to unravel and simplify cosmetic dermatology for patients and make it more accessible
- Chief Medical Officer Dr. Jared Jagde, M.D., M.S. is a dermatologist
 - All services are delivered by medical professionals
- Has 9 locations throughout the New York City and Washington, DC metropolitan regions
- All services are designed to be under 1 hour and then paired with a product regimen
- Like other newer medspa concepts, the idea is to fit the appointment in the customer’s lunch break

Key Stats

Year Founded	2018
US Headquarters	New York, NY
Employees	82
Services	Exfoliation, Facial, Body Contouring
Funding History	Raised \$110.5M so far, most recent \$55M Series C Round Led by Tiger Global
Company Website	https://everbody.com/

Top 5 Services and Offered Prices

Services	Price Offerd
Morpheus8 RF Microneedling	Tighten skin (\$1,445+)
Clean + Brilliant® Laser Facial	Laser resurfacing (\$495+)
HydraFacial™	Signature facial (\$245+)
Lumecca IPL Photofacial	Anti-aging, rejuvenation (\$395+)
VI Peel®	Medium-grade peel (\$425+)

Store and Facility Images



Milan Laser

“The best and most trusted laser hair removal provider”



Company overview

- Milan Laser was founded in 2012 by Dr. Shikhar Saxena and Dr. Abe Schumacher as the largest US company focused solely on laser hair removal services
- Market leader in laser hair removal in terms of both revenue and number of clinics, with 143 clinics across 23 states
- All treatments are performed by trained medical or laser technician professionals, vs. beauticians or aestheticians
- Focus on customer service and success – NPS score of 90, average 4.95/5-star review and 95% hair-free results seen by clients after 7-10 sessions
- Milan offers customers an Unlimited Package which provides a lifetime of laser services for 1 body area for life – the purpose is to ensure customer satisfaction with both primary and touchup treatments

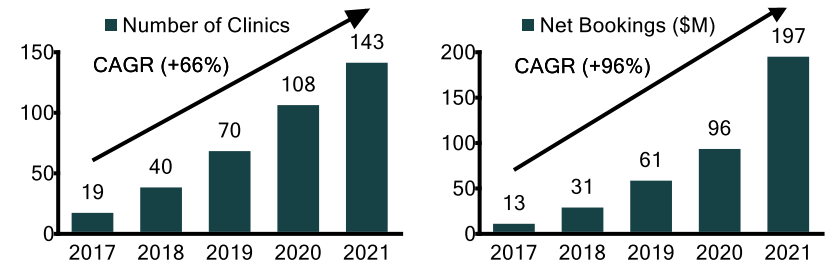
Key Stats

Year Founded	2012
US Headquarters	Omaha, NE
Employees	1,600
Financials (2020)	\$142M Revenue / \$45M EBITDA
Services	Laser Hair Removal
Funding History	Acquired by Leonard Green & Partners L.P. in 2019
Company Website	https://milanlaser.com/

Service Offered and Prices

- Like Heyday, Glowbar and European Wax Center, Milan Laser focuses on a single core treatment: laser hair removal
- Laser hair removal services available include:

Historical Growth Trends



Store and Facility Images





Heyday

"Personalized facials, without the fuss"

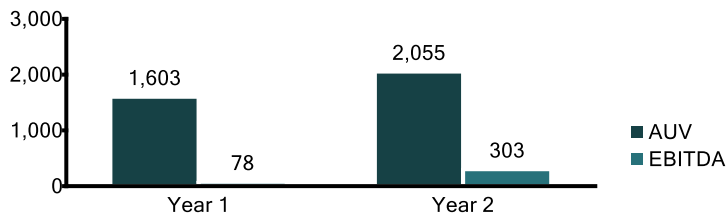
HEYDAY

Company overview

- Founded in 2015, Heyday Skincare operates as a chain of beauty services stores focused on offering skincare products and customized facial treatments through online booking and memberships
- Facial treatments includes deep cleanse, skin analysis, exfoliation, extractions, mask, hydration, and SPF protection.
- The Company currently operates in 20 locations (6 are "coming soon") and is expanding rapidly
 - 10 stores are company owned and 1 is a franchise store
 - Plans to open 40+ additional franchised locations in 2023
- 70% of customers are on a membership according to the company. Average customer pays \$95 for monthly membership
 - 20% of customers are male – TAM is larger
- Value proposition of focusing on a single service – similar to EWC

Key Stats

Year Founded	2015
US Headquarters	New York, NY
Employees	203
Services	Facials
Funding History	\$31M total, most recent \$20M Series B
Company Website	https://www.heydayskincare.com/

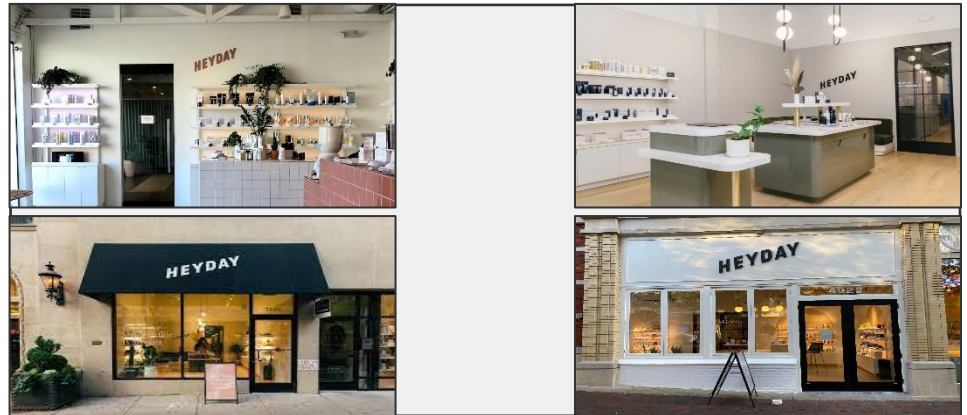


Source: Company websites, FDD, Pitchbook

Services offered & prices

- **Personalized Facials** : Customized and personalized 50-minute skincare treatment that is conducted after an expert skin analysis. Costs \$89 - \$109 for members and \$120 - \$140 for non-members
- **Enhancement Services**: Enhancement services includes:
 - **Professional Peels**: A chemical exfoliation that targets hyperpigmentation, breakouts and signs of aging. \$25 for members, \$50 for non-members
 - **Light Therapy**: Calms inflammation and reduces appearance of lines/wrinkles. \$25 for members, \$50 for non-members
 - **Microdermabrasion**: Helps skin complexion. \$40 for members, \$80 for non-members.
 - **Gua Sha**: Tones, detoxifies and lifts skin. \$25 for members, \$50 for non-members
 - **Microcurrent**: Sculpts, lifts and tones facial muscles. \$40 for members, \$80 for non-members
 - **Hydro Wand Infusion**: Uses suction to remove dirt and clean pores. \$40 for members, \$80 for non-members
- **Skincare Products**: Heyday sells products and offers merchandise such as cleansers, exfoliants, moisturizers, sunscreens, toners, toners, serums, facial oils, masks, and other tools and accessories

Store and Facility Images



Glowbar

GLOWBAR

Making people feel confident in their own skin

Company overview

- Glowbar offers custom, 30-minute facials for a flat price that feature targeted treatments
- Glowbar has 6 locations through NY and CT
- Employees are all licensed estheticians who subsequently go through the Glowbar training program in partnership with the Catherine Hinds Institute of Esthetics
- Membership model with high retention

Key Stats

Year Founded	2019
US Headquarters	New York, NY
Employees	33
Services	Facials
Funding History	\$10M Raised Dec 22 (Petersen Partners); XM Prior
Company Website	https://www.glowbar.com/

Services offered & starting prices

- Glowbar offers 1 service, like Milan Laser and Heyday: facials
 - This is a differentiator versus other medspas that focus on multiple services
 - Facials are 30 minutes long and cost \$55 for members and \$65 for non-members
 - Treatments that could be performed during the facial include: Dermaplane, extractions, high frequency, light chemical peel and microcurrent LED
- Glowbar's facials are no frills – the customer washes its own face pre-facial and post-facial the esthetician gives recommendations for a personalized routine
- Glowbar offers a membership for \$55/month. Members receive 1 facial per month in addition to 10% off retail, 1 guest pass per year and exclusive events and perks

Store and Facility Images



Hand & Stone



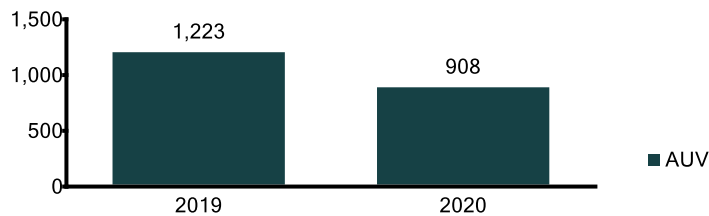
“Deliver highest quality professional massage and facial services at affordable prices”

Company overview

- Launched in 2005 by a physical therapist, Hand & Stone was founded under the philosophy of delivering the highest quality facial and massage services at affordable prices seven days per week
- Hand & Stone is a nearly full-service spa, offering customers facials, massages, cryoskin and hair removal services
- Hand & Stone offers introductory pricing for new clients
 - 1-hour massage or facial for \$69.95
 - 1-hour hot stone massage for \$89.98
- The Hand & Stone Lifestyle Program gives members a 1-hour massage or signature facial per month, as well as access to a rewards program
 - Memberships are offered as month-to-month, fixed term or prepaid term memberships
- Hand & Stone currently has over 400 locations across the US and Canada

Key Stats

Year Founded	2005
US Headquarters	Trevoose, PA
Employees	3,390
Services	Multiple
Funding History	Acquired by Harvest Partners in 06/2022
Company Website	www.handandstone.com



Services offered & starting prices

Services	Price Offerd (\$)
Massage Services	126.62
Facial Services	109.95
Cryo Services	
Hair Removal Services	

Store and Facility Images

