

# European Wax Center

## Investor Presentation

January 2023

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This Presentation contains forward-looking statements. You should not place undue reliance on forward-looking statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “projection,” “seek,” “should,” “will” or “would,” or, in each case, their negative, or other variations or comparable terminology and expressions. The forward-looking statements include, among other things, statements relating to our strategy, outlook and growth prospects, our operational and financial targets, general economic trends and trends in the industry, markets and competitive environment in which we operate. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances as of the date of this Presentation. As you view and consider this Presentation, you should understand that these statements are not guarantees of performance or results and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this Presentation. By their nature, forward-looking statements involve known and unknown risks and uncertainties, including the risks outlined under “Risk Factors” in our filings with the SEC, which may cause actual results to differ materially from any results expressed or implied by any forward-looking statement. Although we believe that the forward-looking statements contained in this Presentation are based on reasonable assumptions, the information available to us may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. We do not undertake to revise forward-looking statements to reflect future events or circumstances.

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# Executive Summary

# Overview of European Wax Center

European Wax Center is the largest and fastest-growing provider of out-of-home (“OOH”) waxing services



## ATTRACTIVE ASSET-LIGHT MODEL

We are 99% franchised with superior unit economics



## CATEGORY CREATOR

We created the category in OOH waxing



## CATEGORY LEADER

We performed 20+ million waxing services in 2021



## RECURRING REVENUE MODEL

Our services are a non-discretionary part of consumers personal-care and beauty regimens



## DIFFICULT TO REPLICATE, COMPETITIVELY MOATED

Our scale, unique operating model and tech-enabled consumer experience



## PREPAID WAX PASS PROGRAM DRIVES STICKINESS

~60% of all our services redeemed via Wax Passes in 2021

## OUR STRONG FINANCIAL FOUNDATION

944

Centers<sup>1</sup>

\$199MM

LTM Q3 2022 revenue

\$899 MM

FY2022  
system-wide sales

34%

LTM Q3 2022  
Adj. EBITDA margin<sup>2</sup>

HSD+

Same-store sales  
YTD Q3 2022

\$47MM

LTM Q3 2022  
free cash flow

# Unmatched scale in a large, growing and fragmented market

**~\$18BN**

total hair removal  
addressable  
domestic market <sup>2</sup>

**Relative Growth Rate** <sup>2</sup>  
(2015-2019)

**~3%**

total hair removal  
addressable domestic  
market CAGR

vs.

**~8%**

OOH waxing  
market CAGR

EUROPEAN  
WAX  
CENTER®

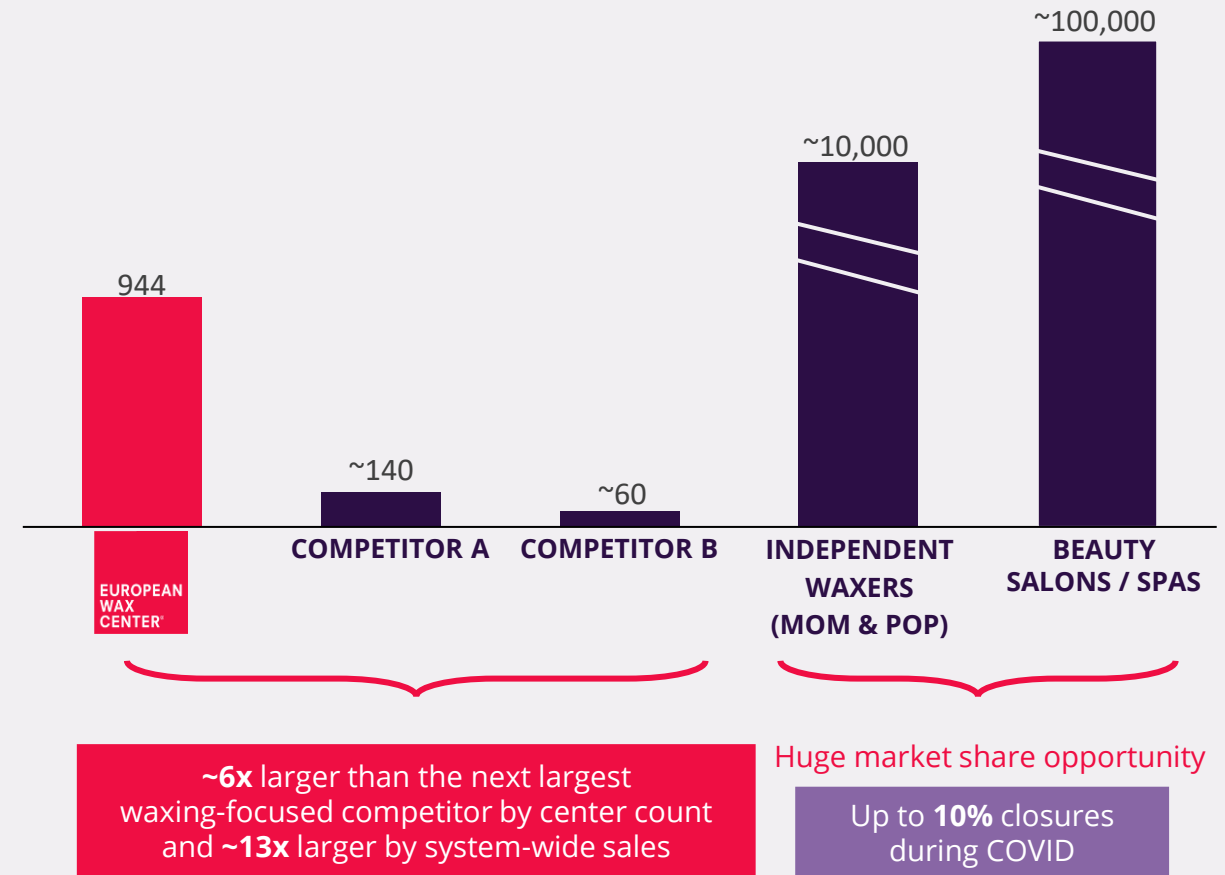
**~\$0.9BN**

realized market

**~5%**

Market share vs.  
Total hair removal  
market

## CENTER COUNT<sup>1,2</sup>





# Waxing provides our guests with benefits surpassing all other hair removal methods

	WAXING AT 	SHAVING	SUGARING	LASER HAIR REMOVAL
COST PER SESSION	\$12 – \$84 ➡	LESS	MORE	MUCH MORE
TIME SPENT	15 – 30 MINUTES / MONTH ➡	MUCH MORE	MORE	MORE
FREQUENCY	1 – 2 TIMES / MONTH ➡	MUCH MORE	SAME	LESS
EXPERIENCE	CLEAN, PROFESSIONAL	DIY	MESSIER	EXPENSIVE

EWC provides guests a **cost-effective** and **time-efficient** way to maintain personal hygiene – creating the ultimate outcome in terms of **results, time** and **value**.

# Our differentiated guest experience and scale provide us with a competitive moat

	EUROPEAN WAX CENTER®	OTHER PURE PLAY WAXERS	NAIL / BEAUTY SALONS	MOM & POP WAXING	LASER HAIR REMOVAL
INSTILL TRUST	✓ LARGEST OOH WAXING BRAND IN THE U.S.			✓	✓
INSTILL REPEAT BEHAVIOR	✓ ~60% OF SERVICES PURCHASED ON A WAX PASS				✓
HIGH QUALITY SERVICE / HOSPITALITY ORIENTATION	✓ WAX SPECIALISTS MUST COMPLETE PROPRIETARY TRAINING PROGRAM IN ADDITION TO BEING LICENSED	✓			✓
FOCUS ON HYGIENE STANDARDS	✓ INDUSTRY-LEADING HYGIENE STANDARDS	✓			✓
DIFFERENTIATED WAXING EXPERIENCE	✓ SCALE-BASED TECH INVESTMENT & PROPRIETARY COMFORT WAX® FORMULA				
ANYWHERE, ANYTIME CONVENIENCE	✓ MORE THAN 940 LOCATIONS TO CHOOSE FROM		✓		
COST EFFICIENT, SAFE & HIGHLY EFFECTIVE	✓ SERVICES START AS LOW AS \$12 PER SESSION AND MOST PERFORMED IN LESS THAN 15 MINUTES	✓	✓	✓	

# Our pillars of differentiation

## NEW CENTER GROWTH

- Nationwide potential of **3,000+ locations**
- Multi-year pipeline with all **400+ licenses** held by existing franchisees
- **10% center growth in 2022** and anticipate at least **9% in 2023**

## MARKETING & LOYALTY PROGRAMS

- Leverage CRM to **grow product attachment and guest retention** and drive behaviors like **purchasing or redeeming a Wax Pass**
- Driving **higher retention for loyal guests** through our **pre-paid Wax Pass program**
- Introduced **EWC Rewards** loyalty offering in October 2021
- **Expand customer base** – men + multicultural guests present attractive opportunity

## PIPELINE OF WAX SPECIALISTS

- A brand that is a **leading employer of cosmetologists** nationwide
- Rolled out **beauty school partnership** pilot program
- Website upgrades to highlight **compelling in-center experience** for wax specialists

## INDUSTRY LEADING SCALE

- Leading scale allowed us to **maintain wax cost for franchisees** for over a decade
- As category leader, we maintain **pricing power to protect franchisee 4-wall margins**



# Superior franchise model

Focused and difficult-to-  
replicate operating model

**217/ 66%**

Franchisees in our  
high-quality  
franchises base<sup>1</sup>

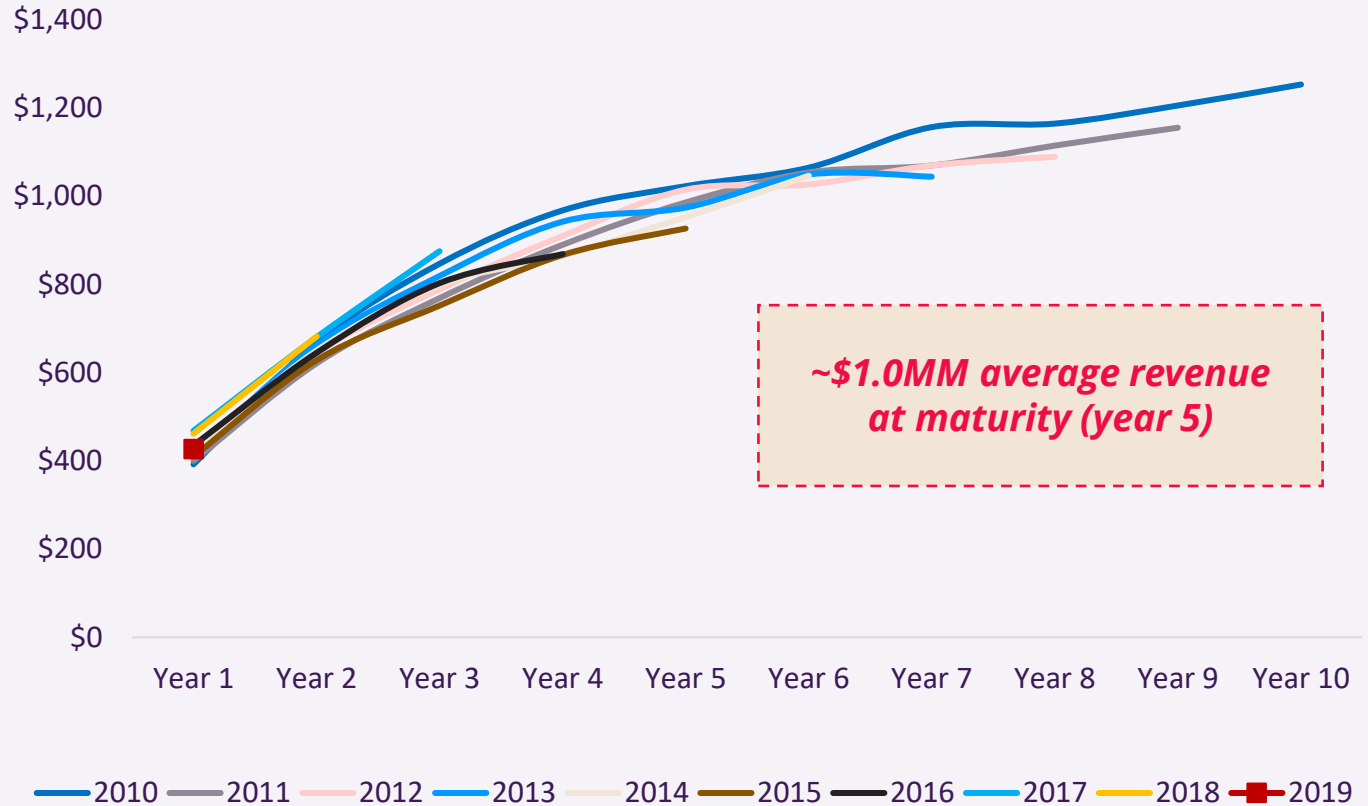
Franchisees  
operate  
multiple locations<sup>1</sup>

**60%+**

Annual cash on cash  
returns at maturity  
(year 5)<sup>2</sup>

Our value proposition has  
created a franchisee base that is  
committed to growing our brand

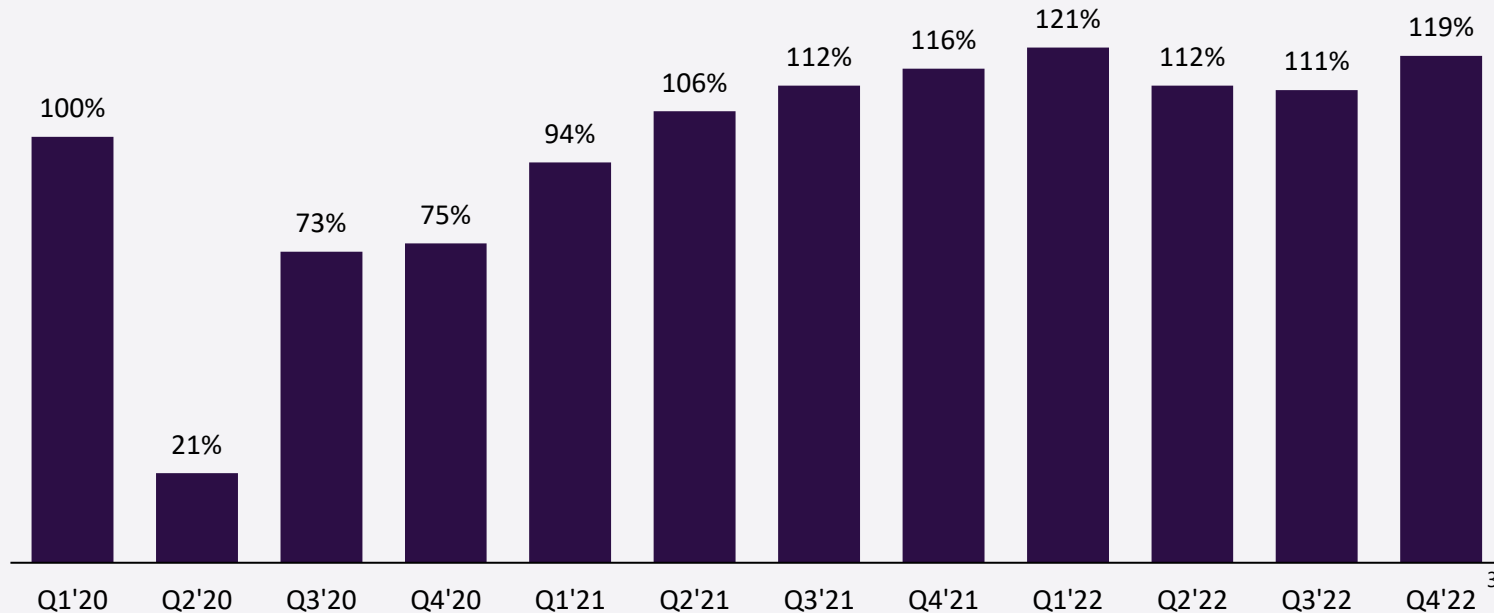
## AUV (\$K) PERFORMANCE BY CENTER COHORT



Cohorts ramp with remarkable consistency

# Our resilience through COVID-19 and beyond demonstrates the strength of our business model

## QUARTERLY SYSTEM-WIDE SALES<sup>1</sup> vs. 2019 BASELINE<sup>2</sup>



European wax center is a non-discretionary part of our guests' personal care routines!

We opened **57** net new locations in 2021 and **91** net new locations in 2022

# Since IPO, our highly predictable model has continued to deliver

## STRONG REBOUND ACROSS THE NETWORK IN A CHALLENGING ENVIRONMENT

- **Significant network sales growth** relative to pre-pandemic performance
- **Strong guest metrics** as consumers return to their personal care regimen post-pandemic
- **Attractive same-store sales performance**
- **New EWC Rewards program** enhances guest experience and incentivizes frequency and retention



## ACCELERATING UNIT DEVELOPMENT AND EVOLUTION OF FRANCHISEE BASE

- **Acceleration of new center expansion strategy** with 91 net new center openings for fiscal year 2022
- 400+ centers in **expanding near-term development pipeline**
- **Transition towards balanced franchisee mix between small independents, regional and multi-unit developers**



## STRONG PERFORMANCE REPORTED EACH QUARTER FOLLOWING IPO

- **Supported by :**
  - **New center growth**
  - **Nearly 30% increase in new guest acquisition (FY21 vs FY19)**
  - **Strong guest retention rates**
  - **Healthy Wax Pass sales**
  - **Greater mix of body services**
  - **Service price increases**

## AND WE CONTINUE TO OPTIMIZE OUR CAPITAL STRUCTURE

- Closed **\$400mm securitization facility** in April, 2022
- Enables **low-cost permanent financing** at 5.50% rate
- Repaid all existing indebtedness and issued **one-time special dividend** to deliver value to shareholders
- **\$40mm share buyback authorization** announced November 2022

# Resilient business model that performs through the cycles

## ENGAGEMENT REMAINS STRONG



Franchisee and guest engagement remains strong despite rising interest rates and inflationary pressures



Center count increased **10.6%** in 2022 with a record **400+** licenses in pipeline



Top **20%** of guests represent **50%+** of sales and have maintained EWC frequency and spending habits



**16%** year-over-year increase in Wax Pass sales during Q4 2022 promo period



Attractive value proposition with services starting at **\$12** and averaging **\$35**



Average guest household income of **\$100K+** with significantly higher income for our most engaged guests

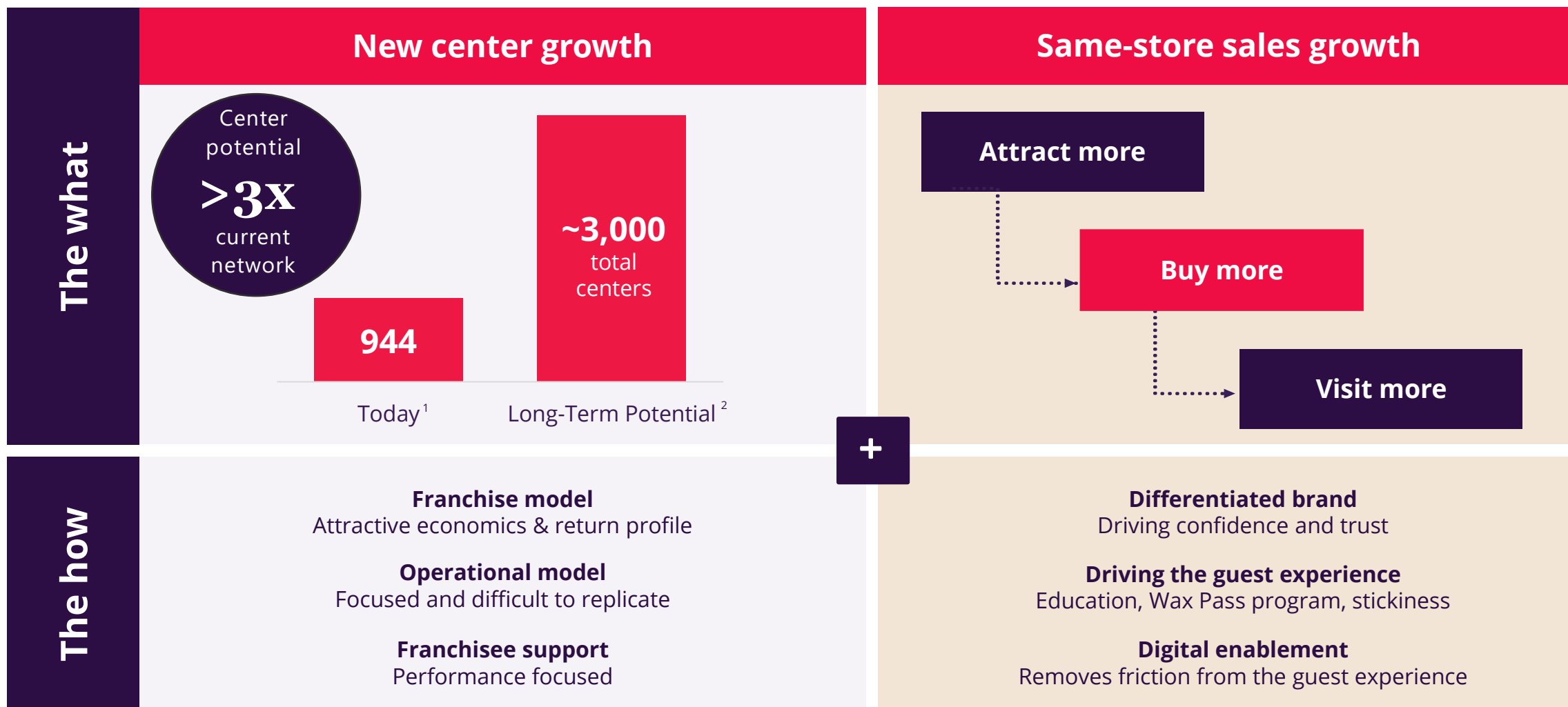


Asset-light model drives outsized free cash flow, enabling **~\$220 million** in 2022 shareholder returns



# Our Focused Growth Opportunity

# Our compelling growth story





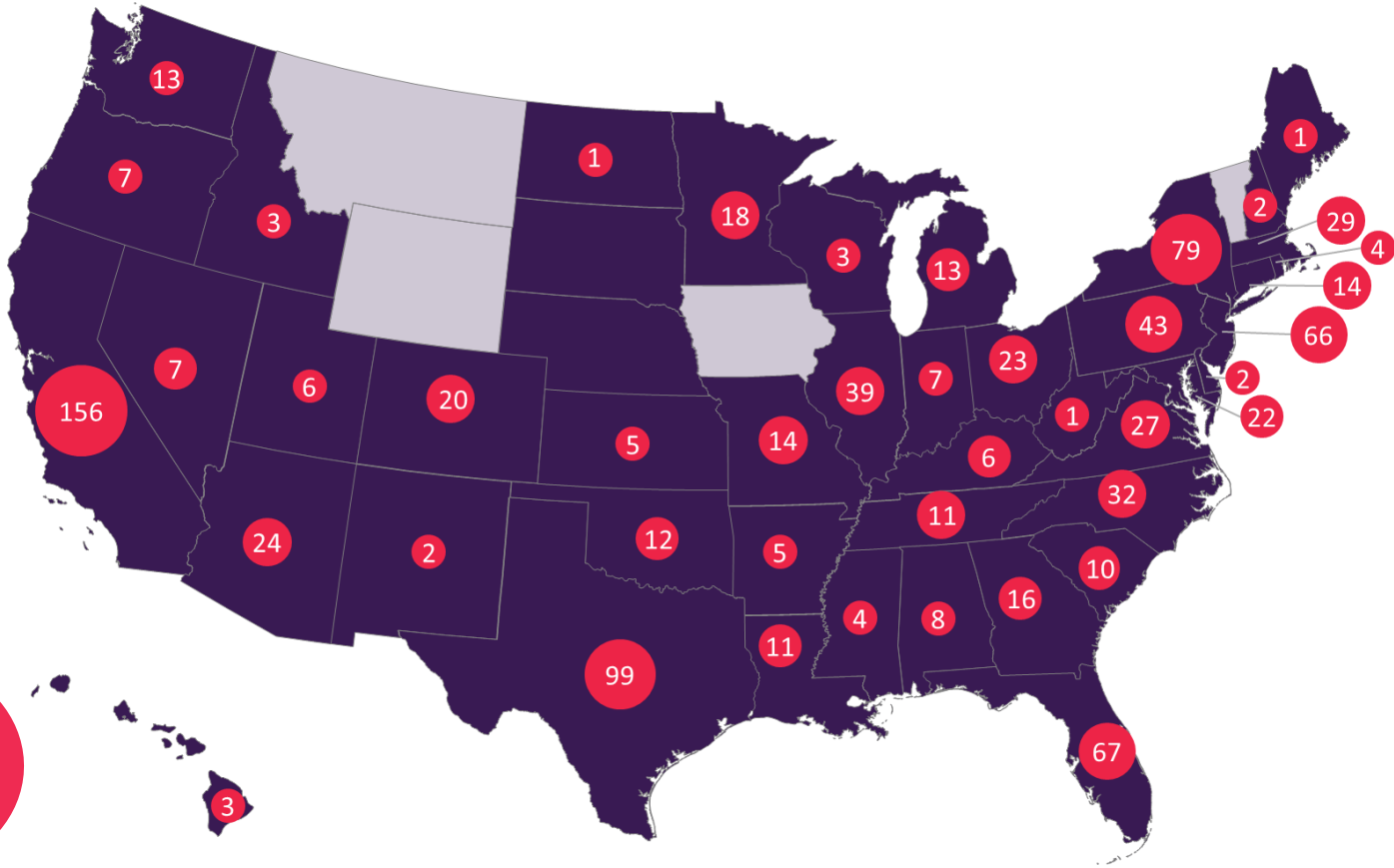
# We will grow our national footprint across new and existing markets

Center growth

+

Same-store sales growth

EUROPEAN WAX CENTER<sup>®</sup>



400+

Near-term development pipeline<sup>1</sup>

PATH TO GROWTH

Partner with existing franchisees to fuel new center growth

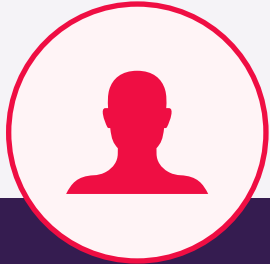
Grow density in key markets, leading to increased network effects and word of mouth marketing

Accelerate growth by partnering with multi- unit developers

Provide ongoing franchisee support to ensure franchisee success

© 2023 European Wax Center, Inc.  
1. Licenses pipeline as of December 31, 2022.  
2. Locations as of December 31, 2022.  
3. Within the next 15 years.

# To drive sustained same-store sales growth, our formula is simple



## Attract more

*New guest growth*

First Wax Free Promise

Performance Based  
Marketing



## Buy more

*Build visit value*

Efficient Promotion Planning  
and Execution

In-Suite Service  
Recommendations



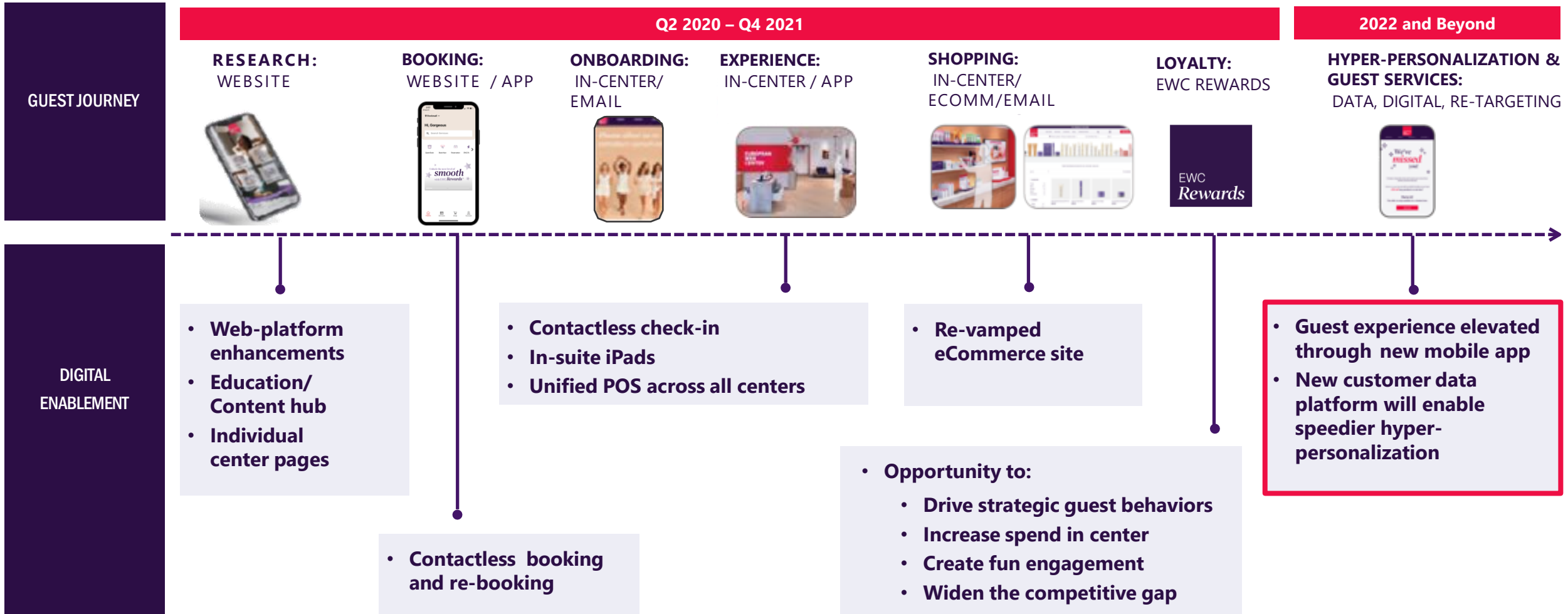
## Visit more

*Increase Wax Pass  
conversion & loyalty*

Wax Pass

CRM and Loyalty  
Capabilities

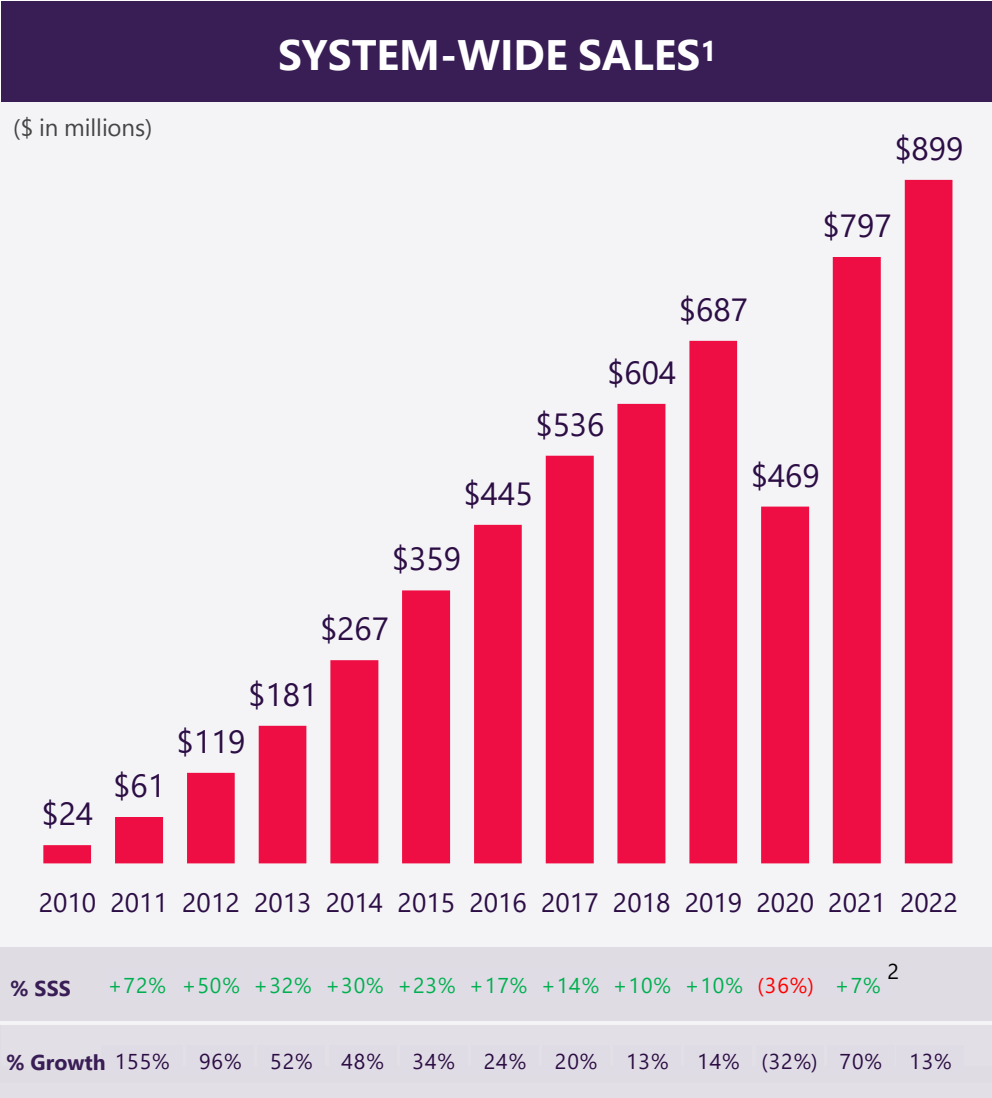
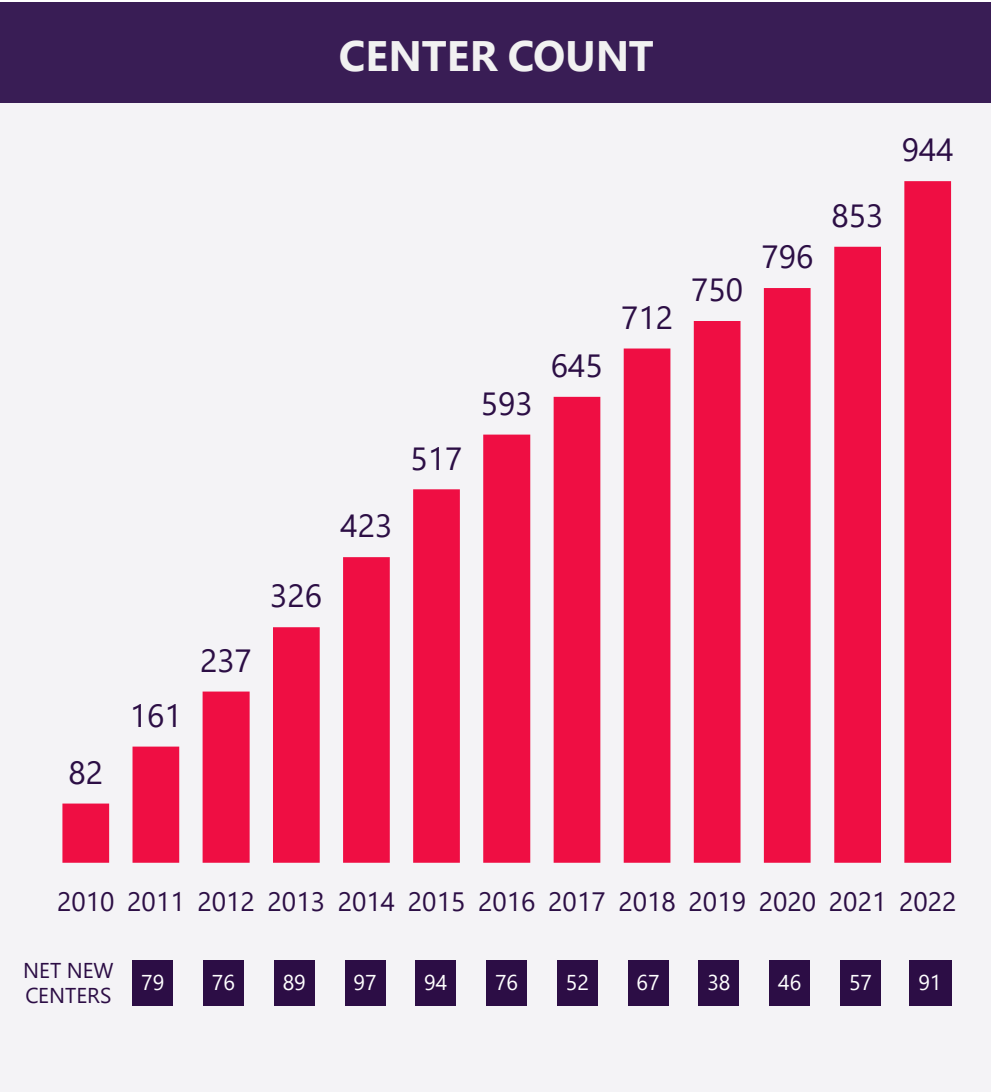
# Spotlight: Digital enablement and loyalty are competitive advantages





# Our Strong and Predictable Financial Performance

# Long track record of sustained growth



9  
Consecutive years of positive  
SSS growth through 2019

23%  
Center CAGR  
(2010-2022)

35%  
System-wide sales CAGR  
(2010-2022)

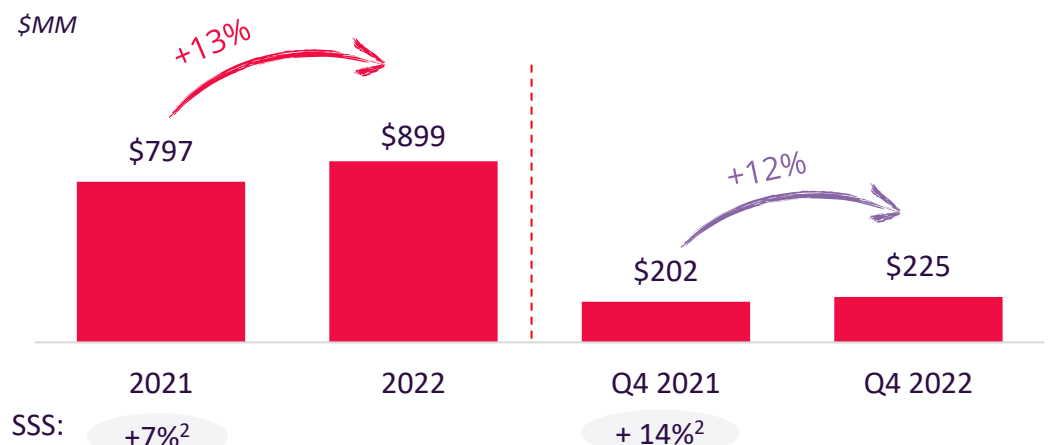
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1. Represents sales from same day services, retail sales and cash collected from wax passes.

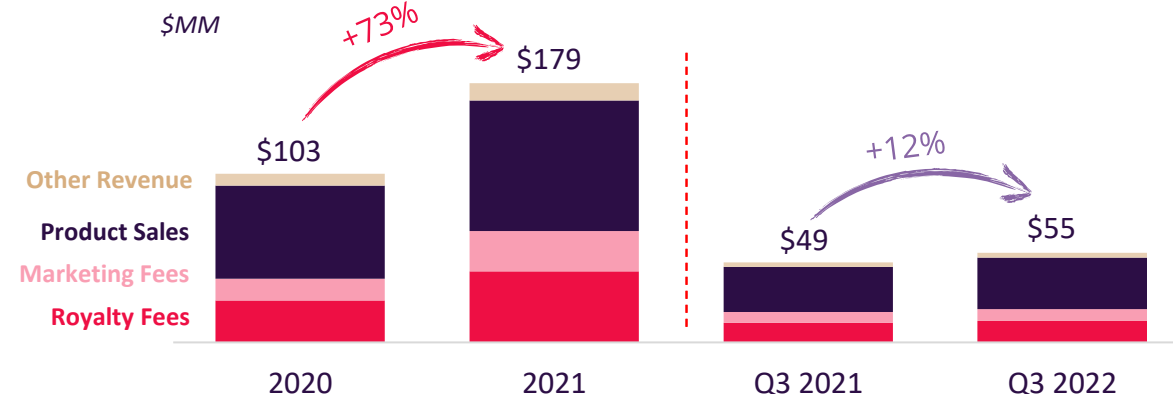
2. Same-store sales increase for the year ended December 25, 2021 is calculated in comparison to the year ended December 28, 2019 due to the significant decline in our sales in 2020 due to COVID-19.

# Recurring revenue streams generate resilient profitability

## System-Wide Sales<sup>1</sup>



## Revenue



## KEY HIGHLIGHTS

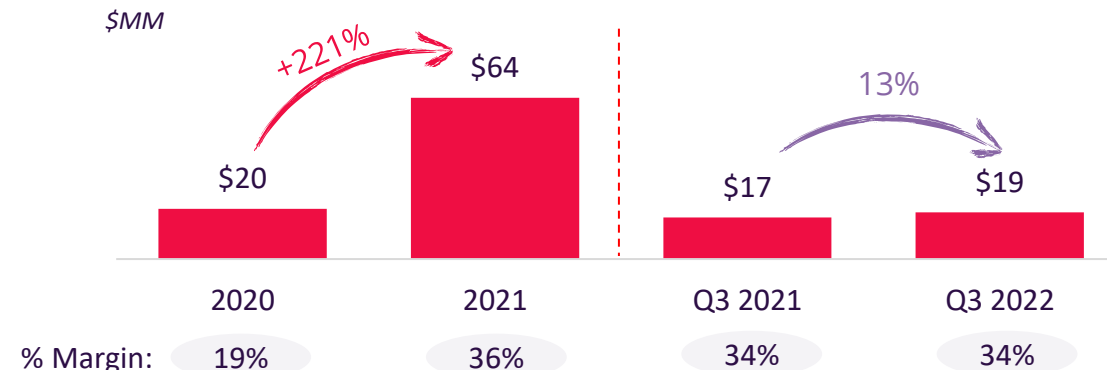
### The network:

- Wax Pass program fosters loyalty and return visits
- 60% cash-on-cash returns at maturity<sup>3</sup>

### European Wax Center, Inc:

- Highly predictable recurring revenue model via Product Sales (Comfort Wax and retail sales) and Royalty Fees
- Asset-light and largely fixed SG&A structure generates strong margins

## Adjusted EBITDA<sup>4</sup>



1. Represents sales from same day services, retail sales and cash collected from wax passes.

2. Same-store sales increase for the year ended December 25, 2021 is calculated in comparison to the year ended December 28, 2019 due to the significant decline in our sales in 2020 due to COVID-19.

3. Cash on cash return is defined as the ratio of EBITDA to the amount of new center opening initial capital investment, excluding impact of tax expense.

4. See Appendix for reconciliations of our non-GAAP financial measures.



# Capital structure supports continued growth

## Q3 2022 Net Leverage

(\$MM)	9/24/2022
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Total Debt	\$399
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Cash	\$42
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<b>Net Debt</b>	<b>\$357</b>
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<b>Adj. EBITDA (LTM Q3 2022)</b>	<b>\$68</b>
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<b>Net Debt / Adj. EBITDA (LTM Q3 2022)</b>	<b>5.3x</b>
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## Capital Allocation Framework

Preserve Liquidity

Capital Investment to  
Support Growth

Locked in Attractive  
Long-Term Interest  
Rate

Return Capital to  
Shareholders

We are committed to optimizing our capital structure as evidenced by our recent Whole Business Securitization, which enabled us to pay a large one-time special dividend. Given the growing cash flow of our business, we expect to be able to de-lever meaningfully.

# Long-term financial growth framework

METRIC	LONG-TERM TARGET
UNIT GROWTH	High-Single-Digits
ANNUAL SSS	High-Single-Digits
ANNUAL REVENUE GROWTH	Low-Double-Digit
ADJUSTED EBITDA GROWTH	Low-to-Mid Teens

# Our investment highlights

**Truly  
Differentiated  
Brand  
Experience**

**Undisputed  
Leader in a  
Massive  
Category  
Dominated by  
Independents**

**Recurring  
Revenue  
Generated  
From a  
Recurring  
Human Need**

**Franchisee  
Reinvestment  
Drives Rapid  
Center Growth**

**Tech-Enabled  
Platform  
Deepens Guest  
Relationships**

**Asset-Light  
Franchise  
Model with  
Proven and  
Consistent  
Growth**

**Robust Free  
Cash Flow  
Generation**





# Appendix

# EBITDA and Adjusted EBITDA reconciliation

(in thousands)	For the Thirty-Nine Weeks Ended		For the Year Ended	
	September 24, 2022	September 25, 2021	December 25, 2021	December 26, 2020
<b>Reconciliation of income (loss) to EBITDA and Adjusted EBITDA</b>				
<b>Net Income (Loss)</b>	\$11,344	(\$441)	\$3,967	(\$21,495)
Interest Expense	16,391	18,686	20,286	18,276
Provision for income taxes	83	0	114	–
Depreciation & Amortization	15,173	15,259	20,333	19,582
<b>EBITDA</b>	<b>\$42,991</b>	<b>\$33,504</b>	<b>\$44,700</b>	<b>\$16,363</b>
Exit costs - lease abandonment <sup>1</sup>	–	–	–	159
Corporate headquarters relocation <sup>2</sup>	–	–	–	671
Share-based compensation <sup>3</sup>	7,452	7,952	11,135	2,052
IPO-related costs <sup>4</sup>	–	4,697	4,971	179
IPO-related compensation expense <sup>5</sup>	–	2,343	2,343	–
Other compensation-related costs <sup>6</sup>	–	380	380	577
Remeasurement of tax receivable agreement liability <sup>7</sup>	302	–	195	–
Transaction costs <sup>8</sup>	1,406	–	–	–
Other <sup>9</sup>	260	–	401	–
<b>Adjusted EBITDA</b>	<b>\$52,411</b>	<b>\$48,876</b>	<b>\$64,125</b>	<b>\$20,001</b>
Adjusted EBITDA Margin <sup>10</sup>	34.1%	36.6%	35.9%	19.3%

1. Represents exit costs related to abandoned leases resulting from our corporate headquarter relocation.

2. Represents costs related to employee relocation, severance and moving fees resulting from our corporate headquarter relocation.

3. Represents non-cash equity-based compensation expense.

4. Represents legal, accounting and other costs incurred in preparation for initial public offering in fiscal year 2021.

5. Represents cash-based compensation expense recorded in connection with the initial public offering.

6. Represents costs related to reorganization driven by COVID-19 and buildup of executive leadership team in fiscal year 2021.

7. Represents non-cash expense related to the remeasurement of our tax receivable agreement liability.

8. Represents costs related to our secondary offering of Class A common stock by selling stockholders and certain costs incurred in connection with our securitization transaction in fiscal year 2022.

9. Represents non-core operating expenses identified by management. For fiscal year 2021, these costs relate to the settlement of a legal matter.

10. Defined as Adjusted EBITDA / Total Revenue.