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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2026

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 001-39565

SkinHealth Systems Inc.

(Exact name of registrant as specified in its charter)

Delaware	**85-1908962**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3600 E. Burnett Street Long Beach, CA 90815	**(800) 603-4996**
(Address of principal executive offices, including zip code)	Registrant's telephone number, including area code

(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 2, 2026, there were 6,542,468 shares of Class A Common Stock, par value $0.0001 per share issued and outstanding.

SKINHEALTH SYSTEMS INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2026
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PART I— FINANCIAL INFORMATION

Item 1. Financial Statements.

SKINHEALTH SYSTEMS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share amounts)
(Unaudited)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash, cash equivalents, and restricted cash	$ 112,386	$ 232,673
Accounts receivable, net of allowances for estimated credit losses of $2,570 and $6,022 at September 30, 2026 and December 31, 2025, respectively	18,471	21,741
Inventories	46,247	48,012
Income tax receivable	1,832	1,696
Prepaid expenses and other current assets	22,653	5,395
Total current assets	201,589	309,517
Property and equipment, net	1,852	2,538
Right-of-use assets, net	19,022	11,570
Intangible assets, net	27,611	35,763
Goodwill	126,124	126,621
Deferred income tax assets, net	2,162	1,925
Other assets	10,701	11,869
TOTAL ASSETS	$ 389,061	$ 499,803
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of convertible senior notes, net	$ —	$ 123,959
Accounts payable	15,087	15,631
Accrued payroll-related expenses	15,508	24,947
Lease liabilities, current	3,585	5,128
Income tax payable	74	1,226
Other accrued expenses	35,583	15,384
Total current liabilities	69,837	186,275
Lease liabilities, non-current	17,690	9,238
Deferred income tax liabilities, net	731	393
Convertible senior notes, net	242,964	240,431
Other long-term liabilities	2,083	2,410
Total liabilities	333,305	438,747
Commitments and Contingencies (Note 6)		
Stockholders' equity:		
Class A Common Stock, $0.0001 par value; 320,000,000 shares authorized; 6,513,424 and 6,376,786 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	1	1
Additional paid-in capital	585,148	579,973
Accumulated other comprehensive loss	(1,722)	(1,434)
Accumulated deficit	(527,671)	(517,484)
Total stockholders' equity	55,756	61,056
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 389,061	$ 499,803

The accompanying notes are an integral part of these unaudited financial statements.

SKINHEALTH SYSTEMS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands, except for share and per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net sales	$ 69,171	$ 70,655	$ 206,194	$ 218,422
Cost of sales	22,024	25,021	65,270	75,096
Gross profit	47,147	45,634	140,924	143,326
Operating expenses:				
Selling and marketing	20,008	20,928	64,221	70,077
Research and development	1,662	1,698	4,171	3,947
General and administrative	20,499	29,250	65,783	90,267
Total operating expenses	42,169	51,876	134,175	164,291
Income (loss) from operations	4,978	(6,242)	6,749	(20,965)
Interest expense	6,271	6,311	18,912	12,953
Interest income	(1,394)	(1,256)	(4,169)	(7,442)
Other income, net	(33)	(601)	(1,096)	(18,807)
Change in fair value of warrant liabilities	—	(210)	—	(349)
Foreign currency transaction loss (gain), net	242	159	1,485	(6,190)
Loss before provision for income taxes	(108)	(10,645)	(8,383)	(1,130)
Income tax expense	780	386	1,804	285
Net loss	(888)	(11,031)	(10,187)	(1,415)
Comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	(323)	421	(288)	5,178
Comprehensive (loss) income	$ (1,211)	$ (10,610)	$ (10,475)	$ 3,763
Net loss per share				
Basic	$ (0.14)	$ (1.74)	$ (1.58)	$ (0.22)
Diluted	$ (0.14)	$ (1.74)	$ (1.58)	$ (2.12)
Weighted average common stock outstanding				
Basic	6,510,178	6,345,283	6,460,831	6,301,728
Diluted	6,510,178	6,345,283	6,460,831	6,865,390

The accompanying notes are an integral part of these unaudited financial statements.

SKINHEALTH SYSTEMS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except for share amounts)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
BALANCE, December 31, 2024	6,246,803	$ 1	$ 566,720	$ (6,953)	$ (507,965)	$ 51,803
Net loss	—	—	—	—	(10,096)	(10,096)
Issuance of common stock pursuant to equity compensation plan	24,163	—	—	—	—	—
Shares withheld for tax withholdings on vested stock awards	(8,023)	—	(250)	—	—	(250)
Share-based compensation	—	—	3,476	—	—	3,476
Foreign currency translation adjustments	—	—	—	1,128	—	1,128
BALANCE, March 31, 2025	6,262,943	$ 1	$ 569,947	$ (5,825)	$ (518,061)	$ 46,062
Net income	—	—	—	—	19,712	19,712
Issuance of common stock pursuant to equity compensation plan	104,566	—	—	—	—	—
Shares withheld for tax withholdings on vested stock awards	(28,544)	—	(708)	—	—	(708)
Share-based compensation	—	—	5,308	—	—	5,308
Foreign currency translation adjustments	—	—	—	3,629	—	3,629
BALANCE, June 30, 2025	6,338,965	$ 1	$ 574,547	$ (2,196)	$ (498,349)	$ 74,003
Net loss	—	—	—	—	(11,031)	(11,031)
Issuance of common stock pursuant to equity compensation plan	38,711	—	—	—	—	—
Shares withheld for tax withholdings on vested stock awards	(11,882)	—	(188)	—	—	(188)
Share-based compensation	—	—	2,455	—	—	2,455
Foreign currency translation adjustments	—	—	—	421	—	421
BALANCE, September 30, 2025	6,365,794	$ 1	$ 576,814	$ (1,775)	$ (509,380)	$ 65,660

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount				
BALANCE, December 31, 2025	6,376,786	$ 1	$ 579,973	$ (1,434)	$ (517,484)	$ 61,056
Net loss	—	—	—	—	(6,630)	(6,630)
Issuance of common stock pursuant to equity compensation plan	123,466	—	—	—	—	—
Shares withheld for tax withholdings on vested stock awards	(42,252)	—	(987)	—	—	(987)
Share-based compensation	—	—	2,079	—	—	2,079
Foreign currency translation adjustments	—	—	—	(278)	—	(278)
BALANCE, March 31, 2026	6,458,000	$ 1	$ 581,065	$ (1,712)	$ (524,114)	$ 55,240
Net loss	—	—	—	—	(2,669)	(2,669)
Issuance of common stock pursuant to equity compensation plan	59,349	—	—	—	—	—
Shares withheld for tax withholdings on vested stock awards	(11,344)	—	(211)	—	—	(211)
Share-based compensation	—	—	2,895	—	—	2,895
Foreign currency translation adjustments	—	—	—	313	—	313
BALANCE, June 30, 2026	6,506,005	$ 1	$ 583,749	$ (1,399)	$ (526,783)	$ 55,568
Net loss	—	—	—	—	(888)	(888)
Issuance of common stock pursuant to equity compensation plan	10,618	—	—	—	—	—
Shares withheld for tax withholdings on vested stock awards	(3,199)	—	(43)	—	—	(43)
Share-based compensation	—	—	1,442	—	—	1,442
Foreign currency translation adjustments	—	—	—	(323)	—	(323)
BALANCE, September 30, 2026	6,513,424	$ 1	$ 585,148	$ (1,722)	$ (527,671)	$ 55,756

The accompanying notes are an integral part of these unaudited financial statements.

SKINHEALTH SYSTEMS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (10,187)	$ (1,415)
Adjustments to reconcile net loss to net cash from operating activities		
Share-based compensation	6,416	11,239
Amortization of intangible assets	10,538	13,513
Depreciation of property and equipment	1,644	3,204
Amortization of other assets	3,693	3,281
Amortization of debt issuance costs	2,989	2,621
Inventory write-down	1,625	3,643
Provision for estimated credit losses	1,397	1,933
Change in fair value of warrant liabilities	—	(349)
Gain on exchange and repurchases of convertible senior notes, net	(1,019)	(18,089)
Deferred income taxes	65	2,893
Other, net	4,738	(2,679)
Changes in operating assets and liabilities:		
Accounts receivable	1,763	4,769
Inventories	(160)	11,114
Prepaid expenses, other current assets, and income tax receivable	(17,450)	(110)
Accounts payable, accrued expenses, and income tax payable	8,472	(7,117)
Other, net	(6,144)	(6,162)
Net cash provided by operating activities	8,380	22,289
Cash flows from investing activities:		
Cash paid for intangible assets	(3,173)	(3,617)
Cash paid for property and equipment	(744)	(164)
Net cash used for investing activities	(3,917)	(3,781)
Cash flows from financing activities:		
Repayment of 2026 Notes	(103,235)	—
Repurchase of 2026 Notes	(20,161)	(18,372)
Payment of tax withholdings on vested stock awards	(1,241)	(1,145)
Repurchase of 2026 Notes in connection with exchange	—	(392,583)
Issuance of 2028 Notes in connection with exchange, net	—	237,686
Net cash used for financing activities	(124,637)	(174,414)
Net change in cash, cash equivalents, and restricted cash	(120,174)	(155,906)
Effect of foreign currency translation on cash	(113)	5,240
Cash, cash equivalents, and restricted cash beginning of period	232,673	370,063
Cash, cash equivalents, and restricted cash end of period	$ 112,386	$ 219,397

The accompanying notes are an integral part of these unaudited financial statements

SKINHEALTH SYSTEMS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Description of Business

SkinHealth Systems Inc. (the "Company" or "we") is a global medical aesthetics company delivering an integrated ecosystem of clinically proven solutions designed to help consumers achieve superior skin health and support the success of providers. Anchored by Hydrafacial, a leading and widely requested professional skincare treatment, and supported by complementary offerings including SkinStylus microneedling and HydraScalp powered by Keravive, the Company combines advanced device technology, proprietary consumables, and clinical validation to deliver trusted treatment experiences through an omnichannel network of providers worldwide.

Historical Information

The Company (previously, The Beauty Health Company, and formerly, Vesper Healthcare Acquisition Corp.) was incorporated in the State of Delaware on July 8, 2020. On May 4, 2021, we consummated the business combination pursuant to that certain Agreement and Plan of Merger, dated December 8, 2020, by and among Vesper Healthcare Acquisition Corp., Hydrate Merger Sub I, Inc. ("Merger Sub I"), Hydrate Merger Sub II, LLC ("Merger Sub II"), LCP Edge Intermediate, Inc., the indirect parent of HydraFacial LLC, f.k.a. Edge Systems LLC ("Hydrafacial"), and LCP Edge Holdco, LLC ("LCP," or "Former Parent," and, in its capacity as the stockholders' representative, the "Stockholders' Representative") (the "Merger Agreement"), which provided for: (a) the merger of Merger Sub I with and into Hydrafacial, with Hydrafacial continuing as the surviving corporation (the "First Merger"), and (b) 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" and, together with the other transactions contemplated by the Merger Agreement, the "Business Combination"). As a result of the First Merger, the Company owns 100% of the outstanding common stock of Hydrafacial and each share of common stock and preferred stock of Hydrafacial was cancelled and converted into the right to receive a portion of the consideration payable in connection with the Mergers. As a result of the Second Merger, the Company owns 100% of the outstanding interests in Merger Sub II. In connection with the closing of the Business Combination (the "Closing"), the Company owns, directly or indirectly, 100% of the stock of Hydrafacial and its subsidiaries and the stockholders of Hydrafacial as of immediately prior to the effective time of the First Merger (the "Hydrafacial Stockholders") hold a portion of the Company's Class A common stock, par value $0.0001 per share (the "Class A Common Stock").

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements. These statements reflect all normal and recurring adjustments which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows of the Company for the interim periods presented.

These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in, or presented as exhibits to, the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Reverse Stock Split

On October 14, 2026, the Company effected a 1-for-20 reverse stock split of its Class A Common Stock and a proportionate decrease in the number of issued and outstanding shares (the "Reverse Stock Split"). All share and per share information throughout this Quarterly Report on Form 10-Q, including the unaudited condensed consolidated financial statements and related notes, have been retroactively adjusted to reflect the Reverse Stock Split. The number of authorized shares of capital stock remains unchanged and the shares of Class A Common Stock retain a par value of $0.0001 per share. Accordingly, an amount equal to the par value of the decreased shares were reclassified from Class A Common Stock to additional paid-in capital on the Condensed Consolidated Balance Sheets. An immaterial amount of fractional shares were settled in cash.

References to share and per-share amounts disclosed for all periods presented have been retroactively adjusted in the accompanying unaudited condensed consolidated financial statements and related notes, and applicable disclosures to reflect the effects of the Reverse Stock Split. Refer to Note 5 — Long-Term Debt, Note 7 — Related-Party Transactions, Note 8 — Stockholders' Equity, Note 11 — Share-Based Compensation, and Note 13 — Net Loss Attributable to Common Stockholders for further detail.

Note 2 — Balance Sheet Components

Inventories consist of the following as of the periods indicated:

(in thousands)	September 30, 2026	December 31, 2025
Raw materials	$ 17,912	$ 18,546
Finished goods	28,335	29,466
Total inventories	$ 46,247	$ 48,012

Accrued payroll-related expenses consist of the following as of the periods indicated:

(in thousands)	September 30, 2026	December 31, 2025
Accrued compensation and payroll taxes	$ 10,705	$ 17,905
Accrued sales commissions	3,534	4,791
Accrued benefits	1,269	2,251
Total accrued payroll-related expenses	$ 15,508	$ 24,947

Other accrued expenses consist of the following as of the periods indicated:

(in thousands)	September 30, 2026	December 31, 2025
Securities class action settlement	$ 18,000	$ 700
Accrued interest	7,508	2,929
Sales and VAT tax payables	3,654	3,571
Royalty liabilities	1,484	1,571
Deferred revenue	1,087	1,012
Other	3,850	5,601
Total other accrued expenses	$ 35,583	$ 15,384

As of September 30, 2026 and December 31, 2025, total warranty reserve was approximately $1 million, which was included in other accrued expenses on the Condensed Consolidated Balance Sheets.

As of September 30, 2026 and December 31, 2025, the Company had approximately $1 million and $2 million, respectively, in restricted cash held as collateral for the Company’s credit cards, which was included in cash, cash equivalents and restricted cash on the Condensed Consolidated Balance Sheets.

During February 2026, the Company amended the terms of its principal executive office lease agreement to expire in November 2032, resulting in an increase of approximately $14 million in future operating lease payments and an approximately $10 million increase in lease-related balances on the Condensed Consolidated Balance Sheets.

During the nine months ended September 30, 2026, the Company recorded a liability of $18.0 million in other accrued expenses and $15.0 million in prepaid expenses and other current assets on the Condensed Consolidated Balance Sheets related to the settlement amount to be paid to the plaintiffs and insurance recovery from the Company’s insurers, respectively, related to the proposed settlement the Company has reached with plaintiffs in the Securities Class Action (as defined in Note 6 – Commitments and Contingencies – Securities Class Action). See Note 6 – Commitments and Contingencies – Securities Class Action, in this Quarterly Report on Form 10-Q for additional information with respect to the Securities Class Action.

Note 3 — Property and Equipment, net

Property and equipment, net consist of the following as of the periods indicated:

(in thousands)	Useful life (years)	September 30, 2026	December 31, 2025
Leasehold improvements	Shorter of remaining lease term or estimated useful life	$ 11,037	$ 11,080
Furniture and fixtures	2-7	5,457	5,320
Machinery and equipment	2-5	4,536	4,723
Computers and equipment	3-5	3,751	3,556
Tooling	5	541	541
Autos and trucks	5	64	61
Construction in progress		265	55
Total property and equipment		25,651	25,336
Less: accumulated depreciation and amortization		(23,799)	(22,798)
Property and equipment, net		$ 1,852	$ 2,538

Note 4 — Goodwill and Intangible Assets, net

Goodwill

The changes in the carrying value of goodwill for the nine months ended September 30, 2026 are as follows (in thousands):

December 31, 2025	126,621
Foreign currency translation impact	(497)
September 30, 2026	$ 126,124

Intangible Assets, Net

The gross carrying amount and accumulated amortization of the Company's intangible assets, net, as of September 30, 2026 were as follows:

(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Estimated Useful Life (Years)
Developed technology	$ 91,629	$ (83,636)	$ 7,993	3 - 10
Capitalized software	27,867	(18,347)	9,520	3 - 5
Customer relationships	16,467	(16,392)	75	5 - 10
Trademarks	11,928	(7,660)	4,268	15
Non-compete agreement	5,799	(4,362)	1,437	3
Patents	5,620	(1,302)	4,318	3 - 19
Total intangible assets	$ 159,310	$ (131,699)	$ 27,611	

The gross carrying amount and accumulated amortization of the Company's intangible assets, net, as of December 31, 2025 were as follows:

(in thousands)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Estimated Useful Life (Years)
Developed technology	$ 91,629	$ (79,405)	$ 12,224	3 - 10
Capitalized software	26,260	(15,082)	11,178	3 - 5
Customer relationships	19,112	(17,461)	1,651	5 - 10
Trademarks	11,730	(7,019)	4,711	15
Non-compete agreement	5,908	(3,711)	2,197	3
Patents	4,855	(1,053)	3,802	3 - 19
Total intangible assets	$ 159,494	$ (123,731)	$ 35,763	

Note 5 — Long-Term Debt

Convertible Senior Secured Notes - 2028

On May 21, 2025, the Company entered into privately negotiated exchange agreements (the "Exchange Agreements") with certain holders (the "Exchanging Holders") of the 1.25% Convertible Senior Notes due October 1, 2026 (the "2026 Notes"). Pursuant to the Exchange Agreements, the Company exchanged and repurchased $413.2 million aggregate principal amount of the 2026 Notes. Of the $413.2 million aggregate principal amount of the 2026 Notes, $263.2 million principal amount were exchanged at a weighted-average price equal to 95% for $250.0 million principal amount of new 7.95% Convertible Senior Secured Notes due November 15, 2028 (the "2028 Notes", and together with the 2026 Notes, the "Notes"), and $150.1 million principal amount were repurchased at a weighted-average price equal to 95% for $142.6 million. The exchange and repurchase resulted in a net gain of $16.6 million, which includes $3.1 million of unamortized debt issuance costs and $0.9 million of other related fees.

On May 27, 2025, the Company issued the 2028 Notes to the Exchanging Holders. The 2028 Notes were issued pursuant to, and are governed by, an indenture, dated as of May 27, 2025, between the Company, the guarantors party thereto, and U.S. Bank Trust Company, National Association, as trustee and collateral agent. Upon the effectiveness of the Reverse Stock Split, the conversion rate for the 2028 Notes was adjusted proportionately to reflect the 1-for-20 Reverse Stock Split ratio in accordance with the terms of the indenture governing the 2028 Notes.

Convertible Senior Notes - 2026

On September 14, 2021, the Company issued an aggregate of $750.0 million in principal amount of its 2026 Notes pursuant to, and governed by, an indenture dated as of September 14, 2021, between the Company and U.S. Bank National Association, as trustee. Pursuant to the purchase agreement between the Company and the initial purchasers of the 2026 Notes, the Company granted the initial purchasers an option to purchase, for settlement within a period of 13 days from, and including, the date the 2026 Notes were first issued, up to an additional $100.0 million principal amount of 2026 Notes. The 2026 Notes issued on September 14, 2021 include the $100.0 million principal amount of 2026 Notes issued pursuant to the full exercise by the initial purchasers of such option.

During the three months ended September 30, 2026, there were no repurchases related to the 2026 Notes. During the nine months ended September 30, 2026, the Company repurchased $21.3 million principal amount of its 2026 Notes at a weighted-average price equal to 94.875% for $20.2 million and recognized a net gain of $1.0 million, which includes $0.1 million of unamortized debt issuance costs.

During the three months ended September 30, 2025, there were no repurchases related to the 2026 Notes. During the nine months ended September 30, 2025, the Company repurchased $20.0 million principal amount of the 2026 Notes for $18.4 million and recognized a net gain of $1.5 million, which includes $0.1 million of unamortized debt issuance costs related to the repurchase. Since inception through December 31, 2025, the Company exchanged and repurchased in total $625.5 million principal amount of its 2026 Notes.

The net gain recognized related to the repurchase is included in other income, net in the Condensed Consolidated Statements of Comprehensive Income (Loss).

On September 30, 2026, the Company retired the 2026 Notes in accordance with their terms. The Company repaid the remaining outstanding aggregate principal amount of $103.2 million and no 2026 Notes remain outstanding.

The following is a summary of the Company's Notes for the periods indicated:

(in thousands)	September 30, 2026	December 31, 2025
2026 Notes	$ —	$ 124,485
2028 Notes	250,000	250,000
Unamortized debt issuance costs	(7,036)	(10,095)
Total convertible senior notes, net	242,964	364,390
Current portion of convertible senior notes, net	—	(123,959)
Convertible senior notes, net	$ 242,964	$ 240,431

As of September 30, 2026 and December 31, 2025, the estimated fair value of the Notes were $249.8 million (compared to a carrying amount of $250.0 million) and $383.1 million (compared to a carrying amount of $374.5 million), respectively. The estimated fair value of the Notes was determined based on the actual bid price of the Notes on September 30, 2026 and December 31, 2025, and are classified as Level 2 within the fair value hierarchy.

Note 6 — Commitments and Contingencies

The Company is a party to various lawsuits, claims, and other legal proceedings that arise from time to time in the ordinary course of business, including but not limited to commercial disputes, product liability, and employment related matters. In addition, the Company may bring claims or initiate lawsuits from time to time against various third parties with respect to matters arising out of the ordinary course of the Company's business, including but not limited to commercial and intellectual property related matters.

With respect to all such lawsuits, claims, and proceedings, if the Company determines a loss is probable and its amount can be reasonably estimated, the Company accrues an amount equal to the estimated loss. The assessment of whether a loss is probable or reasonably possible, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. In all instances, management has assessed the matter based on current information and made a judgment concerning its potential outcome, giving due consideration to the nature of the claim, the amount and nature of damages sought and the probability of success, and taking into account, among other things, negotiations with claimants, discovery, settlements and payments, judicial rulings, arbitration and mediation decisions, advice of internal and external legal counsel, and other information and events pertaining to a particular matter. Costs incurred for litigation are expensed as incurred.

For the matters we disclose that do not include an estimate of the amount of loss or range of losses, such an estimate is not possible or is immaterial, and we may be unable to estimate the possible loss or range of losses that could potentially result from the application of non-monetary remedies. Until the final resolution of such matters, if any of our estimates and assumptions change or prove to have been incorrect, we may experience losses in excess of the amounts recorded, which could have a material effect on our business, consolidated financial position, results of operations, or cash flows.

Except as otherwise disclosed below, we believe that none of our pending lawsuits, claims, and other proceedings are expected to have a material adverse effect on the Company's business, consolidated financial position, results of operations, or cash flows. However, management's judgment may prove materially inaccurate, and such judgment is made subject to the known uncertainties of litigation.

Securities Class Action

On November 16, 2023, a putative class action was filed in the United States District Court for the Central District of California against the Company, its then-current President and Chief Executive Officer, Andrew Stanleick, its former Chief Financial Officer, Liyuan Woo, and its current Chief Financial Officer, Michael Monahan. The complaint, styled Abduladhim A. Alghazwi, individually and on behalf of all others similarly situated, v. The Beauty Health Company, Andrew Stanleick, Liyuan Woo, and Michael Monahan, Case No. 2:23-cv-09733 (C.D. Ca.) (the "Securities Class Action"), asserted claims for violation of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 10b-5 promulgated thereunder against all defendants (the "First Claim"), and violation of Section 20(a) of the Exchange Act against the individual defendants (the "Second Claim"). The complaint alleged that, between May 10, 2022 and November 13, 2023, defendants materially misled the investing public by publicly issuing false and/or misleading statements and/or omissions relating to Hydrafacial LLC's business, operations, and prospects, specifically with respect to the performance of and demand for the Syndeo 1.0 and 2.0 devices. The relief sought in the complaint included a request for compensatory damages suffered by the plaintiff and other members of the putative class for damages allegedly sustained as a result of the alleged securities violations.

On January 16, 2024, putative class members Jeff and Kevin Brown (the "Browns"), Priscilla and Martijn Dijkgraaf (the "Dijkgraafs"), and Joseph Jou filed three competing motions for appointment as lead plaintiff under the Private Securities Litigation Reform Act, 17 U.S.C. § 78u-4(a)(3). On January 31, 2024, Joseph Jou filed a notice of non-opposition to the Browns' and Dijkgraafs' motions for appointment as lead plaintiff. On May 2, 2024, the Court granted the Dijkgraafs' motion for appointment as lead plaintiff and approved the Dijkgraafs' counsel, Hagens Berman, as lead counsel. On July 1, 2024, lead plaintiffs filed a consolidated amended class action complaint asserting the same causes of action as the original complaint, but dropping Mr. Monahan as a defendant. The Securities Class Action case was assigned to U.S. District Judge Sherilyn Peace Garnett. On September 30, 2024, defendants filed a motion to dismiss the consolidated amended class action complaint in its entirety. Plaintiffs filed their opposition brief on November 22, 2024, and defendants filed their reply brief on December 23, 2024. A hearing on the defendants' motion to dismiss was scheduled for January 15, 2025. On January 10, 2025, the Court granted the parties' joint stipulation to adjourn the January 15, 2025 hearing. On January 17, 2025, the Court granted the parties' joint stipulation to withdraw briefing on defendants' motion to dismiss without prejudice to refiling and to briefly stay proceedings so that the parties could complete a private mediation before Greg Danilow of Phillips ADR Enterprises, P.C. The parties conducted the private mediation on March 27, 2025. The parties were unable to reach a settlement at the mediation. On May 5, 2025, the plaintiffs filed a second amended complaint (the "SAC"), pursuant to the parties' stipulation, which was so-ordered by the Court on April 16, 2025. On July 11, 2025, defendants filed a motion to dismiss the SAC in its entirety. The Court scheduled a hearing on defendants' motion for September 17, 2025. On September 15, 2025, the Court vacated the hearing *sua sponte*. On September 25, 2025, the Court denied defendants' motion to dismiss. On November 24, 2025, each Defendant filed an answer to the SAC. On November 26, 2025, the parties filed a Fed. R. Civ. P. 26(f) joint report and proposed stipulated pretrial schedule. On December 15, 2025, the Court so-ordered the parties' stipulated pretrial schedule, set the final pretrial conference for November 17, 2027, and set trial for December 7, 2027. On the same day, the Court referred the parties to a private mediation before a private mediator of their choice, to be completed by October 13, 2027. On March 24, 2026, the parties entered into a stipulation to extend the case schedule by approximately three months to allow them to focus on mediation efforts. On March 25, 2026, the Court issued an order granting the joint stipulation, resulting in a three-month extension of the case schedule and discovery deadlines. On May 20, 2026, the parties participated in a second private mediation, which took place in person, with Mr. Danilow of Phillips ADR Enterprises, P.C. After extensive negotiations, the parties reached a settlement in principle. On May 26, 2026, lead plaintiffs filed a notice of settlement, notifying the Court that the parties had agreed to a tentative settlement to resolve the entire action against all defendants, including Andrew Stanleick and Liyuan Woo. In that notice of settlement, the parties also notified the Court that they intended to file a comprehensive written settlement agreement and related documents, as part of their motion for preliminary approval. On June 17, 2026, lead plaintiffs filed their motion for preliminary approval of the proposed class action settlement, certification of the settlement class, approval of notice to the settlement class, and scheduling of the fairness hearing (the "Preliminary Approval Motion"). On July 2, 2026, lead plaintiffs filed a notice of absence of objection to the Preliminary Approval Motion, noting that no opposition or objection to the Preliminary Approval Motion had been filed to date.

On October 6, 2026, the Court entered an order granting the Preliminary Approval Motion. In its Order, the Court: (i) preliminarily approved the proposed settlement as set forth in the parties' Stipulation and Agreement of Settlement; (ii) preliminarily certified a settlement class; (iii) appointed Stretto, Inc. as the settlement administrator; (iv) approved the proposed form and method of notice to the settlement class; and (v) scheduled a final approval hearing for December 9, 2026. The Court also set a briefing schedule providing that: lead plaintiffs' motion for final approval, and any motion for attorneys' fees, costs, and class representative awards must be filed at least 28 days before the final approval hearing (*i.e.*, by November 11, 2026), and any reply briefs must be filed at least 14 days before the hearing (*i.e.*, by November 25, 2026). The Order also requires Defendants to file a declaration with the Court by November 25, 2026 attesting to service of a notice pursuant to the Class Actions Fairness Act of 2005, stating the position of any state or federal officials as to the proposed settlement. Per the terms of the Stipulation, by November 5, 2026, the Company will cause to be paid into escrow a total cash settlement payment of $18,000,000 (the "Cash Payment"), of which, the Company will be responsible to pay only $3,000,000 of the Cash Payment from its own funds, with the remaining $15,000,000 of the Cash Payment being contributed by certain of the Company's insurers. The settlement remains subject to final approval by the Court.

The Company continues to deny liability. The proposed settlement remains subject to final court approval.

Customer Class Action

On October 24, 2024, Jason Davalos ("Jason Davalos"), Sonia Davalos ("Sonia Davalos", and collectively with Jason Davalos, the "Davaloses"), and Sol Tan Tanning & Spa LLC ("Sol Tan", and collectively with the Davaloses, the "Class Action Plaintiffs"), individually and on behalf of all others similarly situated, filed a putative class action complaint (the "Complaint") against Hydrafacial LLC d/b/a The Hydrafacial Company ("Hydrafacial") and The Beauty Health Company ("BHC" and collectively with Hydrafacial, the "Class Action Defendants") for alleged violations of New York consumer fraud statutes, breach of contract, and common law breach of implied warranties (the "Customer Class Action"). Following motion practice and two amended complaints (as further described below), the case is now captioned Sol Tan Tanning & Spa LLC, et al., on behalf of themselves and all others similarly situated v. Hydrafacial LLC dba The Hydrafacial Company, Case No. 24-cv-8073 (S.D.N.Y.) (Caproni, J.). The Complaint alleged that all three versions of the Syndeo machine (Syndeo 1.0, Syndeo 2.0, and Syndeo 3.0) were defective and did not perform in the manner in which it had been represented by Class Action Defendants. Class Action Plaintiffs claim that Class Action Defendants made various misrepresentations in its marketing and sales of the Syndeo machines and, rather than provide a refund to customers for the defective machines, replaced them with another Syndeo machine that exhibited the same defects. Class Action Plaintiffs purported to bring claims on behalf of themselves, and all other similarly situated purchasers within the United States as well as a New York subclass. The Complaint asserted five causes of action: (1) violations of N.Y. G.B.L., § 349, the state consumer protection statute; (2) violations of N.Y. G.B.L., § 350, the state's false advertising statute; (3) breach of contract; (4) breach of the implied warranty of merchantability; and (5) breach of the implied warranty of fitness. The relief sought included monetary damages allegedly suffered by Class Action Plaintiffs and other members of the putative class as a result of Class Action Defendants' alleged violations and breaches, including a trebling of any money damages award for alleged violations of N.Y. G.B.L., § 349 and § 350.

On December 30, 2024, the Class Action Defendants filed a motion to dismiss the Complaint in its entirety. On January 3, 2025, the Class Action Defendants filed a motion to stay discovery during the pendency of their motion to dismiss. On January 8, 2025, the Davaloses voluntarily dismissed their claims against the Class Action Defendants pursuant to Fed. R. Civ. P. 41(a)(1)(A)(i), leaving plaintiff Sol Tan as the sole remaining Customer Class Action Plaintiff. Plaintiff Sol Tan filed their opposition brief on January 9, 2025, and the Class Action Defendants filed their reply brief on January 13, 2025. On January 16, 2025, the Court granted the parties' joint stipulation to adjourn the January 17, 2025 initial pretrial conference and stay the action pending the parties' completion of a private mediation. As part of its order, the Court also (1) adjourned plaintiff Sol Tan's deadline to respond to the Class Action Defendants' motion to dismiss sine die pending the outcome of mediation; (2) denied as moot the Class Action Defendants' motion to stay discovery in light of the parties' agreement to stay discovery pending the outcome of mediation; and (3) directed the parties to (a) file a joint letter on or before February 7, 2025, indicating the date (not later than May 8, 2025) on which the mediation is scheduled to occur; and (b) within seven days after the mediation, either (i) file a joint letter indicating that settlement was reached; or (ii) file a revised proposed case management plan and a revised joint letter required by the Court's Notice of Initial Pretrial Conference. On February 7, 2025, the parties filed a joint letter notifying the Court that they had agreed to mediate before Greg Danilow of Phillips ADR Enterprises. The parties conducted the private mediation on April 29, 2025; however, the parties were unable to reach a settlement at the mediation. Pursuant to the parties' so-ordered January 16 joint stipulation, on May 7, 2025, the parties filed a revised proposed case management plan and a revised joint letter in accordance with the Court's Notice of Initial Pretrial Conference. On the same day, the Court endorsed the joint submission and ordered plaintiff Sol Tan to file an amended complaint no later than June 2, 2025, and scheduled an initial pretrial conference for July 18, 2025.

On June 2, 2025, plaintiff Sol Tan and fifteen other alleged purchasers of the Syndeo machines ("Plaintiffs") filed an amended complaint (the "Amended Complaint") asserting: (1) violations of N.Y. G.B.L., § 349 ("Count IV"), the state consumer protection statute; (2) violations of N.Y. G.B.L., § 350 ("Count V"), the state's false advertising statute; (3) breach of the implied warranty of merchantability ("Count I"); (4) breach of express and implied contract and class-wide rescission ("Count II"); and (5) breach of express warranty ("Count III"). The relief sought in the Amended Complaint included monetary damages allegedly suffered by Class Action Plaintiffs and other members of the putative class as a result of Class Action Defendants' alleged violations and breaches, including a trebling of any money damages award for alleged violations of N.Y. G.B.L., § 349 and § 350. For Counts IV (violations of N.Y. G.B.L., § 349) and V (violations of N.Y. G.B.L., § 350), plaintiff Jennifer Skuratov d/b/a Spa Thirsty, Inc. ("Spa Thirsty"), sought certification of an alternative subclass of New York purchasers of Syndeo devices (the "Putative New York Subclass"). On June 23, 2025, Class Action Defendants moved to (i) dismiss Counts I, II, IV, and V in full; (ii) partially dismiss Count III to the extent it alleges design defects; (iii) dismiss all claims brought by plaintiff Spa Thirsty in full; (iv) dismiss all claims against BHC in full; and (v) dismiss Plaintiffs' claim for injunctive relief. On December 22, 2025, the Court granted Class Action Defendants' motion to dismiss in its entirety, except it denied Class Action Defendants' request that the claims brought by plaintiff Spa Thirsty be dismissed with prejudice. Specifically, the Court dismissed (i) all of Plaintiffs' claims against BHC; (ii) Plaintiffs' Count I, Count II, Count IV, Count V, and their request for injunctive relief; and (iii) the Class Action Plaintiffs' Count III to the extent it arises out of alleged defects affirmatively identified as "design defects" in the Amended Complaint. In addition, the Court denied the Class Action Plaintiffs' request for leave to amend as to all of the dismissed causes of action except for plaintiff Spa Thirsty's claims pursuant to N.Y. G.B.L. §§ 349 and 350. The Court gave plaintiff Spa Thirsty until January 9, 2026 to move for leave to file a second amended complaint that addresses the deficiencies with plaintiff Spa Thirsty's §§ 349 and 350 claims. Those deficiencies included plaintiff Spa Thirsty's failure to allege that it "was aware of any of [d]efendants' purportedly deceptive statements 'before [it] purchased or came into possession' of the Syndeo."

On January 9, 2026, Class Action Plaintiffs filed a letter motion for leave to file a second amended complaint and for reconsideration of the Court's dismissal of Plaintiffs' Count II. Class Action Plaintiffs appended a proposed second amended complaint (the "Second Amended Complaint") to their letter motion. The Second Amended Complaint alleged that plaintiff Spa Thirsty purchased a Syndeo in reliance on representations made by Hydrafacial to plaintiff Spa Thirsty at an aesthetic conference in New York, including that Syndeo was "top of the line," "hands free," "had superior cleanliness," "superior," "a major upgrade," "works great," and "yielded 'more than 15 uses per bottle of solution serum." The Second Amended Complaint alleged that those representations were deceptive in violation of N.Y. G.B.L. §§ 349 and 350 because the Syndeo allegedly lacked attributes Hydrafacial had represented to plaintiff Spa Thirsty and did not yield the promised treatments per bottle of solution serum. On January 23, 2026, Hydrafacial filed its opposition to Class Action Plaintiffs' letter motion. Hydrafacial argued that the Second Amended Complaint was futile because all of its alleged representations about the Syndeo were inactionable puffery, except for, arguably, the representation regarding the number of treatments per bottle of solution serum. For that representation, Hydrafacial argued that plaintiff Spa Thirsty did not allege that its Syndeo yielded fewer than 15 treatments per bottle and failed to allege other facts required to state §§ 349 and 350 claims. Hydrafacial also argued that Class Action Plaintiffs' request for reconsideration of the dismissal of Count II should be denied as untimely.

On January 27, 2026, the Court issued an order granting Class Action Plaintiffs' motion for leave to file the Second Amended Complaint but denied their request that the Court reconsider its order dismissing the claim for breach of contract in Count II of the Amended Complaint. Although the Court agreed with Hydrafacial that "many of the claims attributed to HydraFacial in the Second Amended Complaint are non-actionable puffery, the claim that the Syndeo 'yielded more than 15 uses per bottle of serum' is a verifiable statement of fact," and the Court could "infer that plaintiff Spa Thirsty's machine failed to yield the promised number of uses per bottle of serum …. From plaintiff Spa Thirsty's allegation that its 'machines run through serums faster than Defendant states it should.'" The Court denied reconsideration because Class Action Plaintiffs' request was both untimely and "would fail on the merits," as Class Action Plaintiffs "failed to allege the specific provisions of the contract upon which liability was predicated." Pursuant to the Court's order, Class Action Plaintiffs filed the Second Amended Complaint on January 29, 2026. As a result of the Court's ruling, the only claims still pending before the Court in the Customer Class Action are (i) the Class Action Plaintiffs' claim against Hydrafacial for breach of its express warranty against defects in materials and workmanship; and (ii) plaintiff Spa Thirsty's claim, asserted on behalf of itself and the Putative New York Subclass against Hydrafacial, for alleged violations of N.Y. G.B.L., § 349 and § 350.

On February 26, 2026, the parties jointly notified the Court that a settlement-in-principle had been reached for a total of $1,075,000 (the "Customer Class Action Settlement Amount") and requested that all deadlines be stayed for sixty (60) days. On March 2, 2026, the Court ordered Class Action Plaintiffs to file the necessary motion papers for preliminary approval of the settlement on or before May 29, 2026, and canceled all other deadlines in the case. On May 29, 2026, Class Action Plaintiffs filed a motion for preliminary approval of the settlement. On June 10, 2026, the Court issued an order denying the motion without prejudice, and requested that Class Action Plaintiffs file a supplemental letter addressing certain questions from the Court regarding distribution of proceeds and payment of attorneys' fees and requesting amended versions of the proposed forms of notice. On June 15, 2026, Class Action Plaintiffs filed their supplemental letter and revised proposed forms of notice. On June 25, 2026, the Court issued an order granting preliminary approval of the class action settlement and set a final approval hearing for December 4, 2026 at 10:00 am. On September 7, 2026, Class Action Plaintiffs filed an unopposed motion seeking: (i) $277,500 in attorneys' fees for Class Counsel; (ii) approximately $82,000 in litigation expenses; and (iii) a $10,000 service award to named Plaintiff Class Representative, where all such fees are inclusive within the Customer Class Action Settlement Amount. That motion remains pending.

The Company believes that the claims asserted in the Customer Class Action have no merit and it intends to vigorously defend them.

Consolidated Derivative Action

On February 8, 2024, a derivative complaint was filed in the Delaware Court of Chancery against the Company's former President and Chief Executive Officer, Andrew Stanleick; its former Chief Financial Officer, Liyuan Woo, and current members of the Company's Board of Directors (the "Board of Directors"): Brenton Saunders, Marla Beck, Michael Capellas, Julius Few, Desiree Gruber, Michelle Kerrick, Brian Miller, and Doug Schillinger, with the Company as the nominal defendant. The complaint, styled Margie Elstein, derivatively on behalf of The Beauty Health Company v. Brenton Saunders, Marla Beck, Michael Capellas, Julius Few, Desiree Gruber, Michelle Kerrick, Brian Miller, Doug Schillinger, Andrew Stanleick, and Liyuan Woo, C.A. No. 2024-0114-LWW (Del. Ch.) (the "Elstein Derivative Action"), asserts a single claim for breach of fiduciary duty against the individual defendants based on the alleged disclosure of knowingly false information and/or the alleged failure to respond to red flags relating to Hydrafacial's business, operations, and prospects, specifically with respect to the performance of and demand for the Syndeo 1.0 and 2.0 devices. The plaintiff-stockholder further maintains that no demand was made upon the Board of Directors prior to the initiation of the Elstein Derivative Action based on allegations that a majority of the Board of Directors was not disinterested or independent with respect to the fiduciary duty claim, such that demand should be excused as futile. The relief sought in the complaint includes a finding of demand futility, a finding that the individual defendants are liable for breaching their fiduciary duties (as current/former officers and directors), and an award of compensatory damages for harm suffered by the Company and its stockholders for harm allegedly sustained as a result of the alleged fiduciary duty violation.

On May 1, 2024, a derivative complaint was filed in the Delaware Court of Chancery against the Company's former President and Chief Executive Officer, Andrew Stanleick; its former Chief Financial Officer, Liyuan Woo, and the then-current members of the Board of Directors: Brent Saunders, Marla Beck, Michael Capellas, Julius Few, Desiree Gruber, Michelle Kerrick, Brian Miller, and Doug Schillinger, with the Company as the nominal defendant. The complaint, styled Richard Montague, derivatively on behalf of The Beauty Health Company v. Andrew Stanleick, Liyuan Woo, Brent Saunders, Marla Beck, Michael Capellas, Julius Few, Desiree Gruber, Michelle Kerrick, Brian Miller, and Doug Schillinger, C.A. No. 2024-0463-LWW (Del. Ch.) (the "Montague Derivative Action"), asserts claims for (i) breach of fiduciary duty, (ii) gross mismanagement, (iii) waste of corporate assets, (iv) unjust enrichment, and (v) aiding and abetting against the individual defendants based on allegations that the individual defendants made materially false and/or misleading statements, as well as failing to disclose material adverse facts about the Company's business, operations, and prospects, specifically relating to the Syndeo 1.0 and 2.0 devices. The relief sought in the Montague Derivative Action includes (a) awarding damages for harm suffered by the Company allegedly sustained as a result of the individual defendants' alleged breach of fiduciary duties, gross mismanagement, waste of corporate assets, and unjust enrichment, (b) awarding damages for harm suffered by the Company allegedly sustained as a result of the Company's directors' alleged aiding and abetting of breaching their fiduciary duties, (c) directing the Company to reform and improve its corporate governance and internal procedures, to comply with its existing governance obligations and all applicable laws, and to protect its investors from a recurrence of the alleged damaging events, and (d) awarding the plaintiff-stockholder the costs and disbursements of the Montague Derivative Action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses.

On May 22, 2024, the parties to the Elstein Derivative Action and Montague Derivative Action submitted a Stipulation and Proposed Order Governing Consolidation, Appointment of Lead, and Deadline to Respond to Operative Complaint. On May 24, 2024, Vice Chancellor Will, who was assigned to both the Elstein Derivative Action and the Montague Derivative Action, entered the Stipulation and Order Governing Consolidation, Appointment of Lead, and Deadline to Respond to Operative Complaint (the "Consolidation Order"). Per the Consolidation Order, the Elstein Derivative Action and the Montague Derivative Action were consolidated into a single derivative action, styled In re The Beauty Health Company Consolidated Stockholder Derivative Litigation, C.A. No. 2024-0114-LWW (Del. Ch.) (the "Consolidated Derivative Action"). The Consolidation Order designated the law firms of Gainey McKenna & Egleston and Komlossy Law, P.A. as co-lead counsel for plaintiffs in the Consolidated Derivative Action, and designated the law firm of Cooch and Taylor, P.A. as Delaware counsel for plaintiffs in the Consolidated Derivative Action. Additionally, the Consolidation Order designated the complaint filed in the Elstein Derivative Action as the operative complaint for the Consolidated Derivative Action, further providing that defendants are not obligated to answer or otherwise respond to the complaint filed in the Montague Derivative Action. The Consolidation Order further provided that defendants shall answer or otherwise respond to the complaint filed in the Elstein Derivative Action by August 25, 2024. This response deadline was subsequently vacated, prior to plaintiffs' filing, on September 9, 2024, of their Verified Consolidated Amended Stockholder Derivative Complaint (the "Operative Complaint"). On September 16, 2024, defendants filed their Motion to Dismiss the Operative Complaint, or Alternatively, Stay the Proceedings (the "Motion to Dismiss"). Defendants filed their opening brief in support of their Motion to Dismiss and stay on February 28, 2025. Pursuant to a scheduling order entered by the court, plaintiffs' answering brief was filed on May 2, 2025, and defendants' reply brief was filed on June 3, 2025. The parties held a mediation on November 4, 2025 and reached agreement on terms of a mutually agreeable resolution. On February 9, 2026, the parties entered into a Stipulation of Settlement, which is subject to court approval. On February 20, 2026, the Delaware Court of Chancery entered a Scheduling Order with respect to Notice and Settlement Hearing, requiring the Company to file a copy of the Notice of Pendency and Proposed Settlement of Derivative Action as an exhibit to a Current Report on Form 8-K, which the Company filed on March 6, 2026. The Court conducted a settlement hearing on May 13, 2026. On August 11, 2026, the Delaware Court of Chancery approved the settlement as fair, reasonable, and adequate.

Securities and Exchange Commission (the "SEC") Subpoena

On January 11, 2024, the Company was informed that the SEC is conducting a formal investigation of the Company related to, among other things, the allegations brought against the Company in the Securities Class Action lawsuit. The Company has subsequently received subpoenas from the SEC for the production of documents and witness testimony related to its investigation. The Company is in the process of responding to the subpoenas and intends to continue to fully cooperate with the SEC investigation. We cannot predict the duration, scope, or outcome of this matter at this time.

Note 7 — Related-Party Transactions

Registration Rights Agreement

In connection with the consummation of the Business Combination, on May 4, 2021, the Company entered into that certain Amended and Restated Registration Rights Agreement (the "Registration Rights Agreement") with BLS Investor Group LLC and the Hydrafacial Stockholders.

Pursuant to the terms of the Registration Rights Agreement, (i) any outstanding shares of Class A Common Stock or any other equity securities (including the private placement warrants originally issued to purchase an aggregate of 466,667 shares of the Company's Class A Common Stock at $230.00 per share, expressed on the retroactively split-adjusted basis described in Note 1 (the "Private Placement Warrants") and including shares of Class A Common Stock issued or issuable upon the exercise of any other equity security) of the Company held by BLS Investor Group LLC (the "Sponsor") or the Hydrafacial Stockholders (together, the "Restricted Stockholders") as of the date of the Registration Rights Agreement or thereafter acquired by a Restricted Stockholder (including the 575,000 shares of Class A Common Stock issued upon conversion of the Sponsor's shares of Class B common stock (the "Founder Shares") in connection with the Business Combination and any shares of Class A Common Stock issued upon exercise of the Private Placement Warrants) and shares of Class A Common Stock issued as earn-out shares to the Hydrafacial Stockholders and (ii) any other equity security of the Company issued or issuable with respect to any such share of Class A Common Stock by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise will be entitled to registration rights.

The Registration Rights Agreement provides that the Company will, within 60 days after the consummation of the Business Combination, file with the SEC a shelf registration statement registering the resale of the shares of Class A Common Stock held by the Restricted Stockholders and will use its reasonable best efforts to have such registration statement declared effective as soon as practicable after the filing thereof, but in no event later than 60 days following the filing deadline. The Company filed such registration statement on July 19, 2021 and it was declared effective by the SEC on July 26, 2021. The Hydrafacial Stockholders are entitled to make up to an aggregate of two demands for registration, excluding short form demands, that the Company register shares of Class A Common Stock held by these parties. In addition, the Restricted Stockholders have certain "piggy-back" registration rights. The Company will bear the expenses incurred in connection with the filing of any registration statements filed pursuant to the terms of the Registration Rights Agreement. The Company and the Restricted Stockholders agree in the Registration Rights Agreement to provide customary indemnification in connection with any offerings of Class A Common Stock effected pursuant to the terms of the Registration Rights Agreement.

Pursuant to the Registration Rights Agreement, the Sponsor agreed to restrictions on the transfer of its securities issued in the Company's initial public offering, which (i) in the case of the Founder Shares provided for a period of one year after the completion of the Business Combination unless (A) the closing price of the Class A Common Stock equaled or exceeded $240.00 per share for 20 days out of any 30-trading-day period commencing at least 150 days following the Closing of the Business Combination or (B) the Company completed a liquidation, merger, capital stock exchange, reorganization or other similar transaction that resulted in all of the Company's stockholders having the right to exchange their shares of Class A Common Stock for cash, securities or other property, and (ii) in the case of the Private Placement Warrants and the respective Class A Common Stock underlying the Private Placement Warrants provided for a period of 30 days after the completion of the Business Combination. The Sponsor and its permitted transferees were also required, subject to the terms and conditions in the Registration Rights Agreement, not to transfer their Private Placement Warrants (as defined in the Registration Rights Agreement) or shares of Class A Common Stock issuable upon the exercise thereof for 30 days following the Closing.

As of December 31, 2025, the Company had Private Placement Warrants that represented rights to purchase approximately 0.3 million shares of Class A Common Stock on a retroactively split-adjusted basis. All remaining Private Placement Warrants outstanding expired in May 2026 before the Reverse Stock Split became effective on October 14, 2026. No Private Placement Warrants were outstanding as of September 30, 2026. The fair value of the Private Placement Warrants was immaterial as of December 31, 2025.

Investor Rights Agreement

In connection with the consummation of the Business Combination, on May 4, 2021, the Company and LCP Edge Holdco, LLC entered into that certain Investor Rights Agreement (the "Investor Rights Agreement"). Pursuant to the Investor Rights Agreement, LCP has the right to designate a number of directors for appointment or election to the Company's Board of Directors as follows: (i) one director for so long as LCP holds at least 10% of the outstanding Class A Common Stock, (ii) two directors for so long as LCP holds at least 15% of the outstanding Class A Common Stock, and (iii) three directors for so long as LCP holds at least 40% of the outstanding Class A Common Stock. Pursuant to the Investor Rights Agreement, for so long as LCP holds at least 10% of the outstanding Class A Common Stock, LCP will be entitled to have at least one of its designees represented on the compensation committee and nominating committee and corporate governance committee of the Company's Board of Directors.

Note 8 — Stockholders' Equity

Common Stock

The Company is authorized to issue 320,000,000 shares of Class A Common Stock, par value of $0.0001 per share. Holders of Class A Common Stock are entitled to one vote for each share. As of September 30, 2026 and December 31, 2025, there were 6,513,424 and 6,376,786 shares, respectively, of Class A Common Stock issued and outstanding. The Company has not declared or paid any dividends with respect to its Class A Common Stock.

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of $0.0001 per share with such designations, voting and other rights and preferences as may be determined from time to time by the Company's Board of Directors. At September 30, 2026 and December 31, 2025, there were no shares of preferred stock issued or outstanding.

Note 9 — Fair Value Measurements

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2026 and December 31, 2025, and indicate the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

	As of September 30, 2026			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash, cash equivalents, and restricted cash:				
Money market funds	$ 25,637	$ —	$ —	$ 25,637

	As of December 31, 2025			
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash, cash equivalents, and restricted cash:				
Money market funds	$ 149,927	$ —	$ —	$ 149,927

Note 10 — Revenue

Net sales consist of the sale of products to retail and wholesale customers through e-commerce and distributor sales. The Company generates revenue through manufacturing and selling its patented hydradermabrasion delivery systems ("Delivery Systems"). In conjunction with the sale of Delivery Systems, the Company also sells single-use tips, solutions, serums, and other products used to provide a Hydrafacial treatment (collectively "Consumables"). Original Consumables are sold solely and exclusively by the Company (and from authorized retailers) and are available for purchase separately from the purchase of Delivery Systems. For both Delivery Systems and Consumables, revenue is recognized upon transfer of control to the customer, which generally takes place at the point of shipment.

Net sales disaggregated by major product line were as follows for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2026	2025	2026	2025
Delivery Systems	$ 18,760	$ 20,819	$ 55,553	$ 63,394
Consumables	50,411	49,836	150,641	155,028
Total net sales	$ 69,171	$ 70,655	$ 206,194	$ 218,422

Net sales by geographic region were as follows for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2026	2025	2026	2025
Americas	$ 48,919	$ 48,263	$ 143,415	$ 146,568
Europe, the Middle East and Africa	14,185	16,056	42,841	49,465
Asia-Pacific	6,067	6,336	19,938	22,389
Total net sales	$ 69,171	$ 70,655	$ 206,194	$ 218,422

Note 11 — Share-Based Compensation

The Company has various stock compensation plans, which are more fully described in Part II, Item 8 "Financial Statements and Supplementary Data—Note 12 to the Consolidated Financial Statements—Share-Based Compensation" in the Company's 2025 Annual Report on Form 10-K. Under The Beauty Health Company 2021 Incentive Award Plan, the Company may grant stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, other stock or cash-based awards to eligible service providers.

Share-based compensation expense was as follows for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2026	2025	2026	2025
Cost of sales	$ 128	$ 121	$ 374	$ 395
Selling and marketing	352	581	969	1,925
Research and development	68	125	210	417
General and administrative	894	1,628	4,863	8,502
Total share-based compensation	$ 1,442	$ 2,455	$ 6,416	$ 11,239

Restricted Stock Units ("RSU") and Performance-based Restricted Stock Units ("PSU")

The following table summarizes the Company's RSU and PSU activity:

	RSU Shares	PSU Shares	Weighted Average Grant Date Fair Value	
			RSU	PSU
Outstanding - January 1, 2026	615,532	107,706	$ 39.34	$ 60.31
Granted	461,654	21,700	22.72	37.20
Vested	(193,433)	—	50.94	—
Forfeited	(226,822)	(51,302)	30.90	58.33
Outstanding - September 30, 2026	656,931	78,104	$ 27.17	$ 55.19

As of September 30, 2026, total unrecognized compensation expense related to unvested RSU and PSU totaled $15.2 million and is expected to be recognized over a weighted-average period of 2.0 years.

Stock Options

The following table summarizes the Company's stock option activity:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)
Outstanding - January 1, 2026	122,996	$ 270.26	5.37
Granted	—	—	
Exercised	—	—	
Forfeited	—	—	
Expired	(1,000)	375.20	
Outstanding - September 30, 2026	121,996	269.39	4.59
Vested and Exercisable - September 30, 2026	121,996	269.39	4.59
Options vested and expected to vest - September 30, 2026	121,996	$ 269.39	4.59

Cash Performance Awards

During the nine months ended September 30, 2026, cash performance awards with an original total target value of $2.8 million were granted for which the final payout will range from 0% to 200% of the target value based on the total shareholder return of the Company's Class A Common stock relative to a defined peer group. The cash performance awards vest over a two to three-year period.

The cash performance awards can be settled in either cash or Class A Common Stock upon vesting at the Company's discretion. These awards are accounted for as liability awards under Accounting Standards Codification ("ASC") 718 and are measured at fair value through the end of the performance period using the Monte Carlo simulation model. For the three and nine months ended September 30, 2026, the expense associated with the cash performance awards were immaterial. The estimated future cash payments of these awards are included within other long-term liabilities in the Condensed Consolidated Balance Sheets.

As of September 30, 2026, total unrecognized compensation expense related to unvested cash performance awards totaled $0.4 million and is expected to be recognized over a weighted-average period of 1.8 years.

Note 12 — Income Taxes

The Company is required to calculate its interim income tax provision using the estimated annual effective tax rate ("AETR") method prescribed by ASC 740-270, and as such, excludes losses in jurisdictions where the Company cannot benefit in computing its worldwide AETR. A separate AETR is computed and applied to ordinary losses in the U.S., China, and Australia as required by ASC 740-270-30-36(a). For the three and nine months ended September 30, 2026, the Company recorded income tax expense of $0.8 million and $1.8 million, respectively.

The AETR differed from the U.S. federal statutory tax rate of 21% due primarily to a full valuation allowance against the Company's deferred tax assets in the U.S., China, and Australia, income in foreign jurisdictions that are taxed at higher rates than the U.S. federal rate, and the impact of discrete items that may occur in any given year but are not consistent from year to year.

For the three and nine months ended September 30, 2025, the Company recorded income tax expense of $0.4 million and $0.3 million, respectively. The estimated worldwide AETR differed from the U.S. federal statutory tax rate of 21% due primarily to a full valuation allowance against the Company's U.S. deferred tax assets, income in foreign jurisdictions that are taxed at higher rates than the U.S. federal rate, and the impact of discrete items that may occur in any given year but are not consistent from year to year.

The Company has established a valuation allowance against its deferred tax assets in the U.S., China, and Australia because it is more likely than not that the deferred tax assets will not be realized. In determining whether deferred tax assets are realizable, the Company considers numerous factors including historical profitability, the amount of future taxable income and the existence of taxable temporary differences that can be used to realize deferred tax assets.

The Company applies ASC 740, the accounting standard addressing the accounting for uncertainty in income taxes, which prescribes rules for recognition, measurement and classification in the financial statements of tax positions taken or expected to be taken in a tax return. The Company has gross unrecognized tax benefits of $1.6 million and $1.7 million as of September 30, 2026 and December 31, 2025, respectively.

The Company is subject to taxation and files income tax returns in the U.S. federal and various state and foreign jurisdictions. The Company is subject to routine examinations in the jurisdictions in which the Company conducts business. While the timing and outcome of tax examinations are inherently uncertain, the Company does not currently expect the resolution of ongoing examinations to have a material impact on its consolidated financial statements.

Note 13 — Net Loss Attributable to Common Stockholders

The following table sets forth the calculation of both basic and diluted net loss per share as follows for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except share and per share amounts)	**2026**	**2025**	**2026**	**2025**
Net loss available to common stockholders - basic	$ (888)	$ (11,031)	$ (10,187)	$ (1,415)
Adjustments related to the 2026 Notes [1]	—	—	—	(13,117)
Net loss available to common stockholders - diluted	$ (888)	$ (11,031)	$ (10,187)	$ (14,532)
Weighted average common stock outstanding - basic	6,510,178	6,345,283	6,460,831	6,301,728
Effect of dilutive shares:				
2026 Notes	—	—	—	563,662
Weighted average common stock outstanding - diluted	6,510,178	6,345,283	6,460,831	6,865,390
Basic net loss per share:	$ (0.14)	$ (1.74)	$ (1.58)	$ (0.22)
Diluted net loss per share:	$ (0.14)	$ (1.74)	$ (1.58)	$ (2.12)

[1] For the nine months ended September 30, 2025, the adjustments related to the 2026 Notes include the net gain related to the exchange and repurchases offset by interest expense and amortization of debt issuance costs related to the 2026 Notes (net of taxes).

The following shares have been excluded from the calculation of the weighted average diluted shares outstanding as the effect would have been anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
2026 Notes	162,522	195,976	162,522	—
2028 Notes	4,370,628	4,370,628	4,370,628	4,370,628
RSUs	656,931	537,443	656,931	537,443
Stock Options	121,996	127,042	121,996	127,042
PSUs	78,104	73,262	78,104	73,262

For the nine months ended September 30, 2026 and the three and nine months ended September 30, 2025, income and shares related to the Private Placement Warrants were excluded from the calculation of diluted net loss per share of Class A Common Stock because their effect would be anti-dilutive.

Note 14 — Segment Information

The Company manages its business on the basis of one operating segment and one reportable segment. The chief operating decision maker ("CODM"), who is the Chief Executive Officer, assesses performance for the one operating segment and decides how to allocate resources based on consolidated net income (loss) and consolidated income (loss) from operations, which is also reported on the Condensed Consolidated Statements of Comprehensive Income (Loss).

Significant expenses within consolidated net loss include cost of sales, total operating expenses, interest expense, other (income) expense, net, change in fair value of warrant liabilities, foreign currency transaction loss (gain), net, and income tax expense, all of which are each separately reported on the Condensed Consolidated Statements of Comprehensive Income (Loss).

The CODM also reviews the disaggregation of total operating expenses, of which significant segment expenses are related to personnel-related expenses, which includes sales commission and share-based compensation expense. Other segment expenses included in total operating expenses primarily consist of fees for professional services principally comprising legal, audit, tax and accounting services, depreciation and amortization expenses, advertising and marketing-related expenses, software, facilities-related costs, credit card and wire fees, and insurance.
The following summarizes the components of operating expenses for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2026	2025	2026	2025
Total operating expenses:				
Personnel-related expenses	$ 21,641	$ 25,645	$ 67,208	$ 81,903
Other segment expenses	20,528	26,231	66,967	82,388
Total operating expenses	$ 42,169	$ 51,876	$ 134,175	$ 164,291

Note 15 — New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-04 "Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments" which is intended to clarify requirements for determining whether certain settlements of convertible debt instruments, including convertible debt instruments with cash conversion features or convertible debt instruments that are not currently convertible, should be accounted for as an induced conversion. The Company adopted ASU 2024-04 on a prospective basis beginning January 1, 2026 and the adoption did not have a material impact on its consolidated financial statements and related disclosures.

In July 2025, the FASB issued ASU 2025-05 “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets” which simplifies the application of the current expected credit loss model for current accounts receivable and current contract assets under ASC 606. The Company adopted ASU 2025-05 on a prospective basis beginning January 1, 2026 and the adoption did not have a material impact on its consolidated financial statements and related disclosures.

Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03 “Disaggregation of Income Statement Expenses” which expands interim and annual requirements to disclose about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, which was clarified in ASU 2025-01. The standard allows for early adoption of these requirements. The Company is currently evaluating the potential effect that the updated standard will have on its consolidated financial statement disclosures.

In September 2025, the FASB issued ASU 2025-06 “Intangibles: Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software” which modernizes the accounting for internal-use software to current development practices, clarifies when to begin capitalizing costs, and enhances disclosure requirements. ASU 2025-06 is effective for interim and annual reporting periods beginning after December 15, 2027, with early adoption permitted, and should be applied either prospectively, retrospectively, or under a modified prospective transition approach. The Company is currently evaluating the potential effect that the updated standard will have on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-11 “Interim Reporting (Topic 270): Narrow Scope Improvements” which clarifies and reorganizes GAAP interim reporting guidance to improve navigability, applicability, and consistency without changing the fundamental nature or volume of required interim disclosures. This amendment clarifies when ASC 270 is applicable, establishes a disclosure principle requiring disclosure of material events or changes occurring since the most recent annual reporting period, and consolidates into ASC Topic 270 a comprehensive list of interim disclosures required by other Codification Topics. The amendment also clarifies the form and content of interim financial statements, including guidance for condensed interim reporting. ASU 2025-11 is effective for interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-12 “Codification Improvements” to address suggestions received from stakeholders on the Accounting Standards Codification and to make other incremental improvements to GAAP. The update represents changes to the Codification that (1) clarify, (2) correct errors or (3) make minor improvements. ASU 2025-12 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating the potential effect that the updated standard will have on its consolidated financial statements and related disclosures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q for the three months ended September 30, 2026 (the "Quarterly Report on Form 10-Q") contains "forward looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. When used in this Quarterly Report on Form 10-Q, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements.

These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the Company's control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and those discussed in the section titled Risk Factors of this filing and our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the Securities and Exchange Commission (the "SEC") on March 12, 2026 (the "Annual Report on Form 10-K").

Important factors that may affect actual results or outcomes include, among others: the inability to recognize the benefits of the business combination consummated on May 4, 2021 pursuant to a certain Agreement and Plan of Merger entered into by and among the Company and other parties (the "Business Combination"); the Company's availability of cash for debt service and exposure to risk of default under debt obligations; the Company's ability to manage growth; the Company's ability to execute its business plan; potential negative reactions or outcomes related to the Company's name change in general and focused shift in operations; potential litigation involving the Company; changes in applicable laws or regulations; and the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and also with our audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K.

Unless the context otherwise requires, references to the "Company", "Hydrafacial", "we", "us", and "our" in this section are intended to mean the business and operations of SkinHealth Systems Inc. and its consolidated subsidiaries.

Company Overview

SkinHealth Systems Inc. (the "Company" or "SkinHealth Systems") is a global medical aesthetics company delivering an integrated ecosystem of clinically proven solutions designed to help consumers achieve superior skin health and support the success of providers. Anchored by Hydrafacial, a leading and widely requested professional skincare treatment, and supported by complementary offerings including SkinStylus microneedling and HydraScalp powered by Keravive, the Company combines advanced device technology, proprietary consumables, and clinical validation to deliver trusted treatment experiences through an omnichannel network of providers worldwide.

Business and Macroeconomic Conditions

During the three and nine months ended September 30, 2026, we continued to strengthen the foundation of the business while expanding our footprint by selling and placing our patented hydradermabrasion delivery systems ("Delivery Systems") worldwide, driving consumables, which consist of single-use tips, solutions, serums, and other products used to provide a Hydrafacial treatment (collectively "Consumables"), investing in our community of providers, partners, and consumers, driving brand awareness, advancing our science-backed innovation product pipeline, and optimizing our global infrastructure. Although we believe we can be successful in our current operating environment, various factors may impact our business in unpredictable ways such as:

- Global economic conditions, including inflation, recession, changes in foreign currency exchange rates, higher interest rates, and other changes in economic conditions;
- Market conditions, including increased competition and the interest rate environment, affecting the ability of potential customers to obtain credit on acceptable terms and longer sales cycles;
- The imposition of tariffs and/or trade restrictions, due to geopolitical tensions or otherwise, may impact material costs and pricing;
- Changes in applicable laws, regulations, regulatory interpretations, or enforcement policies in countries in which we operate;
- Disruptions in transportation and other supply chain related constraints, such as labor strife in the transportation industry or geopolitical tensions; and
- Issues related to older models of Syndeo and our actions to remediate such issues.

We may be able to offset cost pressures through increasing the selling prices of some of our products, increasing value engineering efforts to optimize product costs, increasing the diversification of our suppliers and supplier contracts, increasing natural foreign currency hedging, as applicable, and reducing discretionary spending. However, our pricing actions could have an adverse impact on demand, and may in turn, cause our providers to halt or decrease Delivery Systems and/or Consumables spending, and our actions may not be sufficient to cover unexpected increased costs that we may experience.

Business and macroeconomic factors may also negatively impact, in the short-term or long-term, the global economy, the beauty health industry, our providers and their budgets with us, our business, the Company's brand reputation, financial condition, and results of operations. We remain attentive to these business and macroeconomic conditions that may materially impact our business, and we continue to explore and implement reporting and quality management systems and risk mitigation strategies in the face of these unfolding conditions to remain agile in adapting to changing circumstances.

Australia and New Zealand Market

After evaluating the Company's global distribution strategy to align with its go-to-market strategy with in-market partner capabilities and market opportunity, the Company transitioned sales in the Australia and New Zealand market to a distributor partner in June 2026. As a result, the Company has discontinued its direct sales presence in Australia and New Zealand. The change in go-to-market strategy is expected to be accretive to the Company's long-term profitability, as reductions in operating spend are partially offset by a reduction to revenue.

Reverse Stock Split

On October 14, 2026, the Company effected a 1-for-20 reverse stock split of its Class A Common Stock and a proportionate decrease in the number of issued and outstanding shares (the "Reverse Stock Split"). All share and per share information throughout this Quarterly Report on Form 10-Q, including the unaudited condensed consolidated financial statements and related notes, have been retroactively adjusted to reflect the Reverse Stock Split. The number of authorized shares of capital common stock remains unchanged and the shares of Class A Common Stock retain a par value of $0.0001 per share. An immaterial amount of fractional shares were settled in cash.

Comparison of Three Months Ended September 30, 2026 to Three Months Ended September 30, 2025

The following tables set forth our consolidated results of operations in dollars and as a percentage of net sales for the periods presented. The period-to-period comparisons of our historical results are not necessarily indicative of the results that may be expected in the future. The results of operations data for the three months ended September 30, 2026 and September 30, 2025, have been derived from the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Amounts and percentages may not foot due to rounding.

	Three Months Ended September 30,			
(in millions)	2026	% of Net Sales	2025	% of Net Sales
Net sales	$ 69.2	100.0 %	$ 70.7	100.0 %
Cost of sales	22.0	31.8	25.0	35.4
Gross profit	47.1	68.2	45.6	64.6
Operating expenses				
Selling and marketing	20.0	28.9	20.9	29.6
Research and development	1.7	2.4	1.7	2.4
General and administrative	20.5	29.6	29.3	41.4
Total operating expenses	42.2	61.0	51.9	73.4
Income (loss) from operations	5.0	7.2	(6.2)	(8.8)
Interest expense	6.3	9.1	6.3	8.9
Interest income	(1.4)	(2.0)	(1.3)	(1.8)
Other income, net	—	—	(0.6)	(0.9)
Change in fair value of warrant liabilities	—	—	(0.2)	(0.3)
Foreign currency transaction loss, net	0.2	—	0.2	0.2
Loss before provision for income taxes	(0.1)	(0.2)	(10.6)	(15.1)
Income tax expense	0.8	1.1	0.4	0.5
Net loss	$ (0.9)	(1.3)%	$ (11.0)	(15.6)%

Net Sales

	Three Months Ended September 30,		Change	
(in millions)	2026	2025	Amount	%
Net sales				
Delivery Systems	$ 18.8	$ 20.8	$ (2.1)	(9.9)%
Consumables	50.4	49.8	0.6	1.2 %
Total net sales	$ 69.2	$ 70.7	$ (1.5)	(2.1)%

	Three Months Ended September 30,	
Percentage of net sales	2026	2025
Delivery Systems	27.1%	29.5%
Consumables	72.9%	70.5%
Total	100.0%	100.0%

Total net sales for the three months ended September 30, 2026 decreased $1.5 million, or 2.1%, compared to the three months ended September 30, 2025. Delivery Systems net sales for the three months ended September 30, 2026 decreased $2.1 million, or 9.9%, compared to the three months ended September 30, 2025, with decreases across all regions. Delivery Systems net sales were negatively impacted globally by unfavorable macroeconomic and credit conditions.

Consumables net sales for the three months ended September 30, 2026 increased $0.6 million, or 1.2%, compared to the three months ended September 30, 2025, with an increase in the Americas, partially offset by a decrease in Europe, the Middle East, and Africa (“EMEA”).

Cost of Sales, Gross Profit, and Gross Margin

(in millions)	Three Months Ended September 30, 2026	2025	Change Amount	%
Cost of sales	$ 22.0	$ 25.0	$ (3.0)	(12.0)%
Gross profit	$ 47.1	$ 45.6	$ 1.5	3.3%
Gross margin	68.2 %	64.6 %		

Cost of sales for the three months ended September 30, 2026 decreased $3.0 million, compared to the three months ended September 30, 2025, primarily due to higher product costs related to the sell through associated with Delivery Systems received back as part of the Company's previous trade-in program in 2025 and tariff related recoveries and lower inventory related charges in 2026. Gross margin increased to 68.2% for the three months ended September 30, 2026 from 64.6% for the three months ended September 30, 2025 primarily due to higher product costs related to the sell through associated with Delivery Systems received back as part of the Company's previous trade-in program in 2025 and tariff related recoveries and lower inventory related charges in 2026.

Selling and Marketing

(in millions)	Three Months Ended September 30, 2026	2025	Change Amount	%
Selling and marketing	$ 20.0	$ 20.9	$ (0.9)	(4.4)%
As a percentage of net sales	28.9 %	29.6 %		

Selling and marketing expense for the three months ended September 30, 2026 decreased $0.9 million, or 4.4%, compared to the three months ended September 30, 2025. The decrease is primarily driven by lower sales commission expense and amortization expense, partially offset by higher marketing-related spend.

Research and Development

(in millions)	Three Months Ended September 30, 2026	2025	Change Amount	%
Research and development	$ 1.7	$ 1.7	$ —	(2.1)%
As a percentage of net sales	2.4 %	2.4 %		

Research and development expense for the three months ended September 30, 2026 remained relatively flat compared to the three months ended September 30, 2025.

General and Administrative

(in millions)	Three Months Ended September 30, 2026	2025	Change Amount	%
General and administrative	$ 20.5	$ 29.3	$ (8.8)	(29.9)%
As a percentage of net sales	29.6 %	41.4 %		

General and administrative expense for the three months ended September 30, 2026 decreased $8.8 million, or 29.9%, compared to the three months ended September 30, 2025. The decrease is primarily driven by lower personnel-related expenses, including severance and share-based compensation expense, amortization expense, legal fees, and other professional fees.

Comparison of Nine Months Ended September 30, 2026 to Nine Months Ended September 30, 2025

The following tables set forth our consolidated results of operations in dollars and as a percentage of net sales for the periods presented. The period-to-period comparisons of our historical results are not necessarily indicative of the results that may be expected in the future. The results of operations data for the nine months ended September 30, 2026 and September 30, 2025 have been derived from the unaudited condensed consolidated financial statements included elsewhere in this Form 10-Q. Amounts and percentages may not foot due to rounding.

	Nine Months Ended September 30,			
(in millions)	2026	% of Net Sales	2025	% of Net Sales
Net sales	$ 206.2	100.0 %	$ 218.4	100.0 %
Cost of sales	65.3	31.7	75.1	34.4
Gross profit	140.9	68.3	143.3	65.6
Operating expenses				
Selling and marketing	64.2	31.1	70.1	32.1
Research and development	4.2	2.0	3.9	1.8
General and administrative	65.8	31.9	90.3	41.3
Total operating expenses	134.2	65.1	164.3	75.2
Income (loss) from operations	6.7	3.3	(21.0)	(9.6)
Interest expense	18.9	9.2	13.0	5.9
Interest income	(4.2)	(2.0)	(7.4)	(3.4)
Other income, net	(1.1)	(0.5)	(18.8)	(8.6)
Change in fair value of warrant liabilities	—	—	(0.3)	(0.2)
Foreign currency transaction loss (gain), net	1.5	0.7	(6.2)	(2.8)
Loss before provision for income taxes	(8.4)	(4.1)	(1.1)	(0.5)
Income tax expense	1.8	0.9	0.3	0.1
Net loss	$ (10.2)	(4.9)%	$ (1.4)	(0.6)%

Net Sales

	Nine Months Ended September 30,		Change	
(in millions)	2026	2025	Amount	%
Net sales				
Delivery Systems	$ 55.6	$ 63.4	$ (7.8)	(12.4)%
Consumables	150.6	155.0	(4.4)	(2.8)%
Total net sales	$ 206.2	$ 218.4	$ (12.2)	(5.6)%

	Nine Months Ended September 30,	
Percentage of net sales	2026	2025
Delivery Systems	26.9%	29.0%
Consumables	73.1%	71.0%
Total	100.0%	100.0%

Total net sales for the nine months ended September 30, 2026 decreased $12.2 million, or 5.6%, compared to the nine months ended September 30, 2025. Delivery Systems net sales for the nine months ended September 30, 2026 decreased $7.8 million, or 12.4%, compared to the nine months ended September 30, 2025, with decreases across all regions. Delivery Systems net sales were negatively impacted globally by unfavorable macroeconomic and credit conditions.

Consumables net sales for the nine months ended September 30, 2026 decreased $4.4 million, or 2.8%, compared to the nine months ended September 30, 2025, with decreases in EMEA and Asia-Pacific (“APAC”), offset by a slight increase in the Americas. Consumables net sales were negatively impacted by pressure on treatment volume in EMEA and the transition to a distributor model in APAC.

Cost of Sales, Gross Profit, and Gross Margin

(in millions)	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025	Change Amount	Change %
Cost of sales	$ 65.3	$ 75.1	$ (9.8)	(13.1)%
Gross profit	$ 140.9	$ 143.3	$ (2.4)	(1.7)%
Gross margin	68.3 %	65.6 %		

Cost of sales for the nine months ended September 30, 2026 decreased $9.8 million, compared to the nine months ended September 30, 2025, primarily due to lower net sales in 2026 and higher product costs related to the sell through associated with Delivery Systems received back as part of the Company's previous trade-in program and higher inventory related charges in 2025. Gross margin increased to 68.3% for the nine months ended September 30, 2026 from 65.6% for the nine months ended September 30, 2025 primarily due to higher product costs related to the sell through associated with Delivery Systems received back as part of the Company's previous trade-in program and higher inventory related charges in 2025.

Operating Expenses

Selling and Marketing

(in millions)	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025	Change Amount	Change %
Selling and marketing	$ 64.2	$ 70.1	$ (5.9)	(8.4)%
As a percentage of net sales	31.1 %	32.1 %		

Selling and marketing expense for the nine months ended September 30, 2026 decreased $5.9 million, or 8.4%, compared to the nine months ended September 30, 2025. The decrease is primarily driven by lower personnel-related expenses, including sales commission expense, severance, and share-based compensation expense, and depreciation and amortization expense.

Research and Development

(in millions)	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025	Change Amount	Change %
Research and development	$ 4.2	$ 3.9	$ 0.2	5.7 %
As a percentage of net sales	2.0 %	1.8 %		

Research and development expense for the nine months ended September 30, 2026 increased $0.2 million, or 5.7%, compared to the nine months ended September 30, 2025, reflecting increased investment in future product development.

General and Administrative

(in millions)	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025	Change Amount	Change %
General and administrative	$ 65.8	$ 90.3	$ (24.5)	(27.1)%
As a percentage of net sales	31.9 %	41.3 %		

General and administrative expense for the nine months ended September 30, 2026 decreased $24.5 million, or 27.1%, compared to the nine months ended September 30, 2025. The decrease is primarily driven by lower personnel-related expenses, including share-based compensation expense and severance, legal fees, amortization and depreciation expense, and other professional fees.

Interest Expense, Interest Income, Other Income, Net, and Foreign Currency Transaction Loss (Gain), Net

(in millions)	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
Interest expense	$ 18.9	$ 13.0	$ 6.0	46.0 %
Interest income	$ (4.2)	$ (7.4)	$ 3.3	(44.0)%
Other income, net	$ (1.1)	$ (18.8)	$ 17.7	N/M
Foreign currency transaction loss (gain), net	$ 1.5	$ (6.2)	$ 7.7	N/M

N/M - Not meaningful

Interest expense for the nine months ended September 30, 2026 increased $6.0 million compared to the nine months ended September 30, 2025, primarily due to interest and amortization of debt issuance costs related to the 2028 Notes, partially offset by lower outstanding balances related to the 2026 Notes.

Interest income for the nine months ended September 30, 2026 decreased $3.3 million compared to the nine months ended September 30, 2025 primarily due to lower average invested balances and interest rates during the nine months ended September 30, 2026.

Other income, net for the nine months ended September 30, 2026 included $1.0 million net gain related to the repurchase of the 2026 Notes. Other income, net for the nine months ended September 30, 2025 included $18.1 million net gain related to the exchange and repurchases of the 2026 Notes.

During the nine months ended September 30, 2026, the Company recognized a net loss of $1.5 million related to foreign currency transactions as compared to a net gain of $6.2 million for the nine months ended September 30, 2025, driven primarily by fluctuations in the Euro relative to the U.S. dollar.

Liquidity and Capital Resources

Our primary sources of capital are (i) cash flow from operating activities, (ii) net proceeds received from the consummation of the Business Combination, and (iii) net proceeds received from the Notes. As of September 30, 2026, we had cash, cash equivalents, and restricted cash of $112.4 million.

Our operating cash flows result primarily from cash received from sales of Delivery Systems and Consumables, offset primarily by cash payments made for products and services, employee compensation, payment processing and related transaction costs, operating leases, marketing expenses, and interest payments for our Notes. Cash received from our customers and other activities generally corresponds to our net sales.

Our sources of liquidity and cash flows are used to fund ongoing operations, research and development projects for new products, services, and technologies, and provide ongoing support services for our providers and customers. As part of our business strategy, we occasionally evaluate potential acquisitions of businesses and products and technologies. Accordingly, a portion of our available cash may be used at any time for the acquisition of complementary products, services, or businesses. Such potential transactions may require substantial capital resources, which may require us to seek additional debt or equity financing. We cannot assure you that we will be able to successfully identify suitable acquisition candidates, complete acquisitions, integrate acquired businesses into our current operations, or expand into new markets. Furthermore, we cannot provide assurances that additional financing will be available to us in any required time frame and on commercially reasonable terms, if at all.

Based on our sources of capital, management believes that we have sufficient liquidity to satisfy our anticipated working capital requirements for our ongoing operations and obligations for at least the next 12 months. However, we will continue to evaluate our capital expenditure needs based upon factors including, but not limited to, our rate of revenue growth, potential acquisitions, the timing and amount of spending on research and development, growth in sales and marketing activities, the timing of new product launches, timing and investments needed for international expansion, the continuing market acceptance of the Company’s products and services, expansion, and overall economic conditions.

We may, from time to time, seek to redeem or repurchase our outstanding debt or equity securities through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors.

If cash generated from operations is insufficient to satisfy our capital requirements, we may have to sell additional equity or debt securities or obtain expanded credit facilities to fund our operating expenses. The sale of additional equity would result in additional dilution to our stockholders. Also, the incurrence of additional debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. In the event such additional capital is needed in the future, there can be no assurance that such capital will be available to us, or, if available, that it will be in amounts and on terms acceptable to us. If we cannot raise additional funds when we need or want them, our operations and prospects could be negatively affected. However, if cash flows from operations become insufficient to continue operations at the current level, and if no additional capital were obtained, then management would restructure the Company in a way to preserve our business while maintaining expenses within operating cash flows.

Convertible Senior Notes, Net

Convertible Senior Secured Notes - 2028

On May 21, 2025, the Company entered into privately negotiated exchange agreements (the "Exchange Agreements") with certain holders (the "Exchanging Holders") of the 2026 Notes. Pursuant to the Exchange Agreements, the Company exchanged and repurchased $413.2 million aggregate principal amount of the 2026 Notes. Of the $413.2 million aggregate principal amount of the 2026 Notes, $263.2 million principal amount were exchanged at a weighted-average price equal to 95% for $250.0 million principal amount of new 2028 Notes, and $150.1 million principal amount were repurchased at a weighted-average price equal to 95% for $142.6 million. The exchange and repurchase resulted in a net gain of $16.6 million, which includes $3.1 million of unamortized debt issuance costs and $0.9 million of other related fees.

On May 27, 2025, the Company issued the 2028 Notes to the Exchanging Holders. The 2028 Notes were issued pursuant to, and are governed by, an indenture, dated as of May 27, 2025, between the Company, the guarantors party thereto, and U.S. Bank Trust Company, National Association, as trustee and collateral agent. Upon the effectiveness of the Reverse Stock Split, the conversion rate for the 2028 Notes was adjusted proportionately to reflect the 1-for-20 Reverse Stock Split ratio in accordance with the terms of the indenture governing the 2028 Notes.

Convertible Senior Notes - 2026

On September 14, 2021, the Company issued an aggregate of $750.0 million in principal amount of its 2026 Notes pursuant to, and governed by, an indenture dated as of September 14, 2021, between the Company and U.S. Bank National Association, as trustee. Pursuant to the purchase agreement between the Company and the initial purchasers of the 2026 Notes, the Company granted the initial purchasers an option to purchase, for settlement within a period of 13 days from, and including, the date the 2026 Notes were first issued, up to an additional $100.0 million principal amount of 2026 Notes. The 2026 Notes issued on September 14, 2021 include the $100.0 million principal amount of 2026 Notes issued pursuant to the full exercise by the initial purchasers of such option.

During the three months ended September 30, 2026, there were no repurchases related to the 2026 Notes. During the nine months ended September 30, 2026, the Company repurchased $21.3 million principal amount of its 2026 Notes at a weighted-average price equal to 94.875% for $20.2 million and recognized a net gain of $1.0 million, which includes $0.1 million of unamortized debt issuance costs.

During the three months ended September 30, 2025, there were no repurchases related to the 2026 Notes. During the nine months ended September 30, 2025, the Company repurchased $20.0 million principal amount of the 2026 Notes for $18.4 million and recognized a net gain of $1.5 million, which includes $0.1 million of unamortized debt issuance costs related to the repurchase. Since inception through December 31, 2025, the Company exchanged and repurchased in total $625.5 million principal amount of its 2026 Notes.

On September 30, 2026, the Company retired the 2026 Notes in accordance with their terms. The Company repaid the remaining outstanding aggregate principal amount of $103.2 million and no 2026 Notes remain outstanding. For more information, see Part I, Item 1 "Financial Statements — Note 5 — Long-term Debt" in this Quarterly Report on Form 10-Q.

Known Trends or Uncertainties

The majority of our customers operate within the medical industry (dermatologists and plastic surgeons), esthetician industry, and beauty retail industry. Although we have not seen any significant reduction in revenues to date due to consolidations, we have seen some consolidation in these industries during economic downturns. These consolidations have not had a negative effect on our total net sales; however, should consolidations and downsizing in the industries continue to occur, those events could adversely impact our revenues and earnings going forward.

In addition, we continue to face macroeconomic challenges such as the possibility of recession or financial market instability, and the impact of any governmental actions on the economy, such as tariffs and/or trade restrictions. Furthermore, the geopolitical landscape poses inherent risks that could significantly impact the operations and financial performance of the Company. In the event of a military conflict, supply chain disruptions, geopolitical uncertainties, and economic repercussions may adversely affect the Company's ability to develop, test and manufacture products, and distribute them globally. This could lead to delays in product development, interruptions in the supply of critical materials, thereby impeding the Company's commercialization plans. These factors may adversely impact consumers, business, and government spending as well as our customers' ability to pay for our products and services on an ongoing basis.

If economic and social conditions or the degree of uncertainty or volatility worsen, or the adverse conditions previously described are further prolonged, our revenues could be adversely affected. Furthermore, the impact of a conflict on global financial markets may result in increased volatility and uncertainty in the capital markets, thereby affecting the valuation of the Company's Class A Common Stock. Investor confidence, market sentiment, and access to capital could all be negatively influenced. Such geopolitical risks are outside the control of the Company, and the actual effects on the Company's business, financial condition and results of operations may differ from current estimates. Macroeconomic challenges and credit conditions have negatively impacted our revenues in 2026. We are continuing to monitor these and other risks that may affect our business so that we can respond appropriately. Negative trends in our financial performance or financial condition may result in a sustained decline in our stock price, which may result in a triggering event necessitating an interim goodwill impairment assessment and potential goodwill impairment.

As of September 30, 2026, the Company has $250.0 million aggregate principal amount of the 2028 Notes outstanding, which matures on November 15, 2028. The Company is evaluating its options to address the 2028 Notes maturity based on its cash needs and market conditions, including refinancing alternatives with respect to the 2028 Notes. Based on the Company's current liquidity and expected operating requirements, the Company expects that satisfaction of the 2028 Notes at maturity will require refinancing, restructuring, or other additional sources of capital, and there can be no assurance that the Company will be able to refinance, restructure, or otherwise satisfy the 2028 Notes on acceptable terms. For more information, see Part I, Item 1 "Financial Statements — Note 5 — Long-term Debt" in this Quarterly Report on Form 10-Q.

Cash Flows

The following table summarizes the activities from our statements of cash flows. Amounts may not foot due to rounding.

	Nine Months Ended September 30,	
(Dollars in millions)	2026	2025
Cash, cash equivalents, and restricted cash at beginning of period	$ 232.7	$ 370.1
Operating activities:		
Net loss	(10.2)	(1.4)
Non-cash adjustments	32.1	21.2
Changes in working capital	(13.5)	2.5
Net cash provided by operating activities	8.4	22.3
Net cash used for investing activities	(3.9)	(3.8)
Net cash used for financing activities	(124.6)	(174.4)
Net change in cash, cash equivalents, and restricted cash	(120.2)	(155.9)
Effect of foreign currency translation	(0.1)	5.2
Cash, cash equivalents, and restricted cash at end of period	$ 112.4	$ 219.4

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2026 was $8.4 million, as compared to $22.3 million for the nine months ended September 30, 2025. The change in cash provided by operating activities was primarily related to changes in working capital, net loss, and non-cash adjustments. The prior year net loss and non-cash adjustments include $18.1 million of net gain, as compared to $1.0 million of net gain in the current year related to the 2026 Notes.

Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2026 was $3.9 million, remained relatively flat compared to $3.8 million for the nine months ended September 30, 2025. The change in cash used for investing activities was due to slightly higher capital expenditures during the nine months ended September 30, 2026.

Financing Activities

Net cash used for financing activities for the nine months ended September 30, 2026 was $124.6 million, as compared to $174.4 million for the nine months ended September 30, 2025. The cash used for financing activities for the nine months ended September 30, 2026 was primarily related to the repayment and repurchase of the Company’s 2026 Notes. The cash used for financing activities for the nine months ended September 30, 2025 was primarily related to the exchange and repurchases of the Company’s 2026 Notes.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. In preparing the consolidated financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, stockholders’ equity/deficit, revenue, expenses, and related disclosures. We re-evaluate our estimates on an on-going basis. Our estimates are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Because of the uncertainty inherent in these matters, actual results may differ from these estimates and could differ based upon other assumptions or conditions.

There have been no changes to our critical accounting policies since our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Recent Accounting Pronouncements

See Part I, Item 1 "Financial Statements—Note 15 to the Consolidated Financial Statements—New Accounting Pronouncements" of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risks relating to our operations result primarily from changes in interest rates, foreign currency, and inflation risk. There were no material changes to our market risks disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company conducted an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, of the effectiveness of the design and operation of its disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this Quarterly Report on Form 10-Q. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2026.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in the Exchange Act) that occurred during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II— OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is a party to various lawsuits, claims, and other legal proceedings that arise from time to time in the ordinary course of business, including but not limited to commercial disputes, product liability, and employment related matters. In addition, the Company may bring claims or initiate lawsuits from time to time against various third parties with respect to matters arising out of the ordinary course of the Company's business, including but not limited to commercial and intellectual property related matters.

For the matters we disclose that do not include an estimate of the amount of loss or range of losses, such an estimate is not possible or is immaterial, and we may be unable to estimate the possible loss or range of losses that could potentially result from the application of non-monetary remedies. Until the final resolution of such matters, if any of our estimates and assumptions change or prove to have been incorrect, we may experience losses in excess of the amounts recorded, which could have a material effect on our business, consolidated financial position, results of operations, or cash flows.

Except as otherwise disclosed below, we believe that none of our pending lawsuits, claims, and other proceedings are expected to have a material adverse effect on the Company's business, consolidated financial position, results of operations, or cash flows. However, management's judgment may prove materially inaccurate, and such judgment is made subject to the known uncertainties of litigation.

Cartessa Aesthetics, LLC

On December 14, 2020, Hydrafacial LLC ("Hydrafacial") filed a complaint (the "Cartessa Complaint") against Cartessa Aesthetics, LLC ("Cartessa") in the United States District Court for the Eastern District of New York (the "New York Court"), captioned Edge Systems LLC v. Cartessa Aesthetics, LLC, Case No. 1:20-cv-6082 (the "Cartessa Case"), for patent infringement arising from Cartessa's sale of Cartessa's hydrodermabrasion system that Hydrafacial alleged has infringed five of Hydrafacial's patents on its device. Hydrafacial narrowed its allegation in the Cartessa Complaint to assert infringement of just four of its patents. On September 15, 2022, the New York Court granted Hydrafacial's Motion for Summary Judgment of No Unclean Hands and denied Cartessa's Motion for Summary Judgment of non-infringement on three of the four patents-in-suit. On June 6, 2023, the New York Court granted Hydrafacial's Motion for Summary Judgment of No Invalidity of the fourth patent-in-suit and granted Cartessa's Motion for Summary Judgment of non-infringement of that same patent. The parties agreed to dismiss the remaining claims without prejudice so that Hydrafacial can appeal the New York Court's grant of Cartessa's Motion for Summary Judgment. Final judgment was entered on October 15, 2024.

On October 8, 2024, Hydrafacial filed an appeal in the Federal Circuit Court of Appeals challenging the New York Court's final judgment and summary judgment decision of Cartessa's non-infringement regarding the fourth patent-in-suit. On November 13, 2024, Cartessa filed a cross-appeal challenging the New York Court's final judgment and summary judgment decision of granting Hydrafacial's motion for summary judgment of no invalidity regarding the fourth patent-in-suit. The parties exchanged their opening briefs on March 12, 2025 and June 20, 2025. The oral argument for this appeal occurred on September 8, 2026, and the Federal Circuit has not issued a decision yet. However, Hydrafacial expects a decision to be issued within the next few months.

On June 11, 2024, Hydrafacial filed a complaint against Cartessa and its foreign manufacturer, Eunsung Global Corp ("Eunsung"), in the United States International Trade Commission. A Notice of Institution of Investigation was issued on July 11, 2024, and the investigation was assigned investigation number 337-TA-1408 (the "ITC Cartessa Matter"). In the ITC Cartessa Matter, Hydrafacial asserted that Cartessa and Eunsung infringe Hydrafacial's U.S. Patent No. 11,865,287, which relates to hydrodermabrasion systems but was not asserted in the Cartessa Case. Eunsung consented to an exclusion order during the term of the Hydrafacial patent-in-suit. In the ITC Cartessa Matter, the parties concluded the evidentiary hearing on April 9-15, 2025. The parties filed post-hearing briefs in May 2025 and the judge issued an initial determination on August 26, 2025, finding that the patent is valid and infringed by Cartessa's products. The initial determination recommended an exclusion order and cease and desist order against Cartessa that would prevent importation or sale of Cartessa's hydrodermabrasion systems within the United States. The Commission issued its final determination on March 23, 2026, confirming infringement by Cartessa's products and validity of Hydrafacial's patent. On March 26, 2026, Cartessa filed a petition for review by the Federal Circuit Court of Appeals. On June 1, 2026, Cartessa filed a motion to dismiss the appeal and vacate the final determination because the '287 Patent expired. On July 23, 2026, the Federal Circuit vacated the Commission's final determination as being moot because the '287 Patent had expired. As a result, the ITC Cartessa Matter is now concluded.

Cartessa Aesthetics, LLC - Second Complaint

On June 14, 2024, Hydrafacial filed a complaint (the "Second Cartessa Complaint") against Cartessa in the New York Court, captioned HydraFacial LLC v. Cartessa Aesthetics, LLC, Case No. 2:24-cv-04253 (the "Second Cartessa Case"), for patent infringement arising from Cartessa's sale of Cartessa's hydrodermabrasion system that Hydrafacial alleged has infringed Hydrafacial's U.S. Patent No. 11,865,287. The Second Cartessa Case was stayed pending resolution of the ITC Cartessa Matter. Now that the ITC Cartessa Matter is concluded, the court has unstayed and reopened the Second Cartessa Case. Hydrafacial filed an amended complaint, adding U.S. Patent No. 9,550,052 and an additional accused product. The parties have submitted a proposed schedule for the Second Cartessa Case and will begin the Rule 26(f) process and discovery. Hydrafacial plans to vigorously pursue its claims against Cartessa and seek monetary damages.

Eunsung Global Corp (and Sinclair Pharma Ltd. and Aesthetic Management Partners, Inc.) - IPRs

On September 30, 2024, Eunsung filed a Petition for inter partes review ("IPR"), IPR2024-01491, challenging the validity of Hydrafacial's U.S. Patent No. 11,865, 287 (the "'287 Patent"). On November 25, 2024, Sinclair Pharma Ltd and Aesthetic Management Partners, Inc. ("AMP") filed a similar IPR Petition, IPR2025-00145, challenging the same patent and relying on the same arguments. On January 10, 2025, Eunsung filed an IPR Petition, IPR2025-00445, challenging the validity of Hydrafacial's U.S. Patent No. 9,550,052 (the "'052 Patent"). On January 13, 2025, Eunsung filed an IPR Petition, IPR2025-00452, challenging the validity of Hydrafacial's U.S. Patent No. 12,053,607. On January 14, 2025, Eunsung filed an IPR Petition, IPR2025-00453, challenging the validity of Hydrafacial's U.S. Patent No. 11,446,477 (the "'477 Patent"). On April 11, 2025, the U.S.P.T.O. Board denied institution of the first IPR challenging the '287 Patent (IPR2024-01491). On June 2, 2025, the U.S.P.T.O. Board granted institution of the second IPR challenging the '287 Patent (IPR2025-00145). In July 2025, AMP filed copycat IPR Petitions challenging the '052 Patent and '477 Patent (IPR2025-01169 and IPR2025-01217, respectively) based on the same arguments as Eunsung's corresponding IPR Petitions. In July 2025, Eunsung terminated each of its IPR proceedings against Hydrafacial.

On February 12, 2026, the director of the U.S.P.T.O. de-instituted and denied the second IPR challenging the '287 Patent (IPR2025-00145). On April 20, 2026, the director denied Sinclair's request for rehearing of that de-institution decision. The only IPR proceedings still pending against Hydrafacial are the two copycat IPRs from AMP (IPR2025-01169 and IPR2025-01217, respectively), which were stayed by the director in view of the pending Director Review of the institution decision in IPR2025-00145. On August 25, 2026, the Director issued an order ending Director review and lifting the stay on the two copycat IPRs from AMP (IPR2025-01169 and IPR2025-01217, respectively), which challenges the '052 Patent and '477 Patent. These IPRs are moving forward, and Hydrafacial plans to file its patent owner responses in each of these IPRs before December 2026. Hydrafacial plans to continue vigorously defending its patents against each of these challenges.

Sinclair Pharma US, Inc

On July 24, 2024, Hydrafacial filed a complaint against Sinclair Pharma US, Inc ("Sinclair"), and its distributor Viora, Inc ("Viora"), in the United States District Court for the Central District of California, Case No. 2:24-cv-06250 (the "Sinclair Case"), for patent infringement arising from Sinclair's sale of hydrodermabrasion systems that Hydrafacial alleged to have infringed five of Hydrafacial's patents on its device. The Sinclair Case was stayed pending the resolution of an ITC investigation against Sinclair. The ITC investigation was terminated in February 2025, and the district court judge lifted the stay for a short time before staying the case again on July 27, 2026 in view of the two remaining IPRs that were unstayed. Hydrafacial expects for this stay to be lifted once the remaining IPRs are concluded. Hydrafacial plans to seek monetary damages and vigorously pursue its claims against Sinclair and Viora.

Aesthetic Management Partners Inc.

On July 8, 2024, Hydrafacial filed a complaint against AMP in the United States District Court for the Western District of Tennessee, Case No. 2:24-cv-02480-JPM-TMP (the "AMP Case"), for patent infringement arising from Aesthetic Management Partners' sale of hydrodermabrasion systems that Hydrafacial alleged to have infringed five of Hydrafacial's patents on its device. The AMP Case was stayed due to a corresponding ITC investigation. The ITC investigation was terminated in February 2025, and the judge lifted the stay.

On June 13, 2025, Hydrafacial filed a motion for preliminary injunction for which the judge held a hearing on July 25, 2025, but the judge denied that motion on September 9, 2026. On June 23, 2025, AMP filed a partial motion to dismiss which only addresses a small portion of Hydrafacial's claims and remedies in this case, and that motion was granted on September 9, 2026. The judge held a claim construction hearing on February 27, 2026 but has not issued an order yet. Discovery is proceeding as the parties await the judge's order on claim construction. Hydrafacial will continue to seek monetary damages, and plans to vigorously pursue its claims against AMP.

Medical Purchasing Resource, LLC

On June 4, 2024, Hydrafacial filed a complaint against Medical Purchasing Resource, LLC ("Medical Purchasing Resource") in the United States District Court for the Central District of California, Case No. 2:24-cv-4655 (the "MPR Case"), for trademark infringement, false designation of origin, unfair competition, tortious interference, and other causes of action relating to Hydrafacial's trademark rights. On April 3, 2025, the parties participated in a mediation and came to a tentative agreement to settle the case. In the mediation, the parties reached a settlement agreement and ultimately agreed that Medical Purchasing Resource will stop using Hydrafacial's trademarks and any marks that are confusingly similar to those marks. Medical Purchasing Resource also agreed to stop the other activities identified by Hydrafacial in its complaint, including selling products to known Hydrafacial customers. Medical Purchasing Resource also agreed to take additional measures to ensure that customers are aware that Medical Purchasing Resource and its products have no relation or affiliation with Hydrafacial. Medical Purchasing Resource also agreed to pay Hydrafacial a total of $105,000 for past damages which will be paid to Hydrafacial in four quarterly payments of $26,250 starting in July 2025, and the parties filed a consent judgment with the court to end the lawsuit. As a result, the MPR Case has been dismissed.

Candela Corp.

On April 3, 2025, Hydrafacial filed a complaint against Candela Corp. ("Candela"), and its manufacturer Termosalud S.L. ("Termosalud"), in the United States District Court for the District of Delaware, Case No. 1:25-cv-00418-JLH (the "Candela Case"), for patent infringement arising from Candela's sale of hydrodermabrasion systems that Hydrafacial alleged to have infringed five of Hydrafacial's patents on its device. Hydrafacial reached a settlement with Candela in April 2026 and the case was dismissed as to Candela in April 2026. Hydrafacial reached a settlement with Termosalud in September 2026, and the parties filed a stipulation to dismiss the case on September 21, 2026. As a result, this case has concluded.

BQ Aesthetix & Co., LLC

On June 24, 2025, Hydrafacial filed a complaint against BQ Aesthetix & Co., LLC d/b/a Bellatrix USA ("Bellatrix") in the United States District Court for the Southern District of Florida, Case No. 0:25-cv-61262-AHS (the "Bellatrix Case"), for patent infringement arising from Bellatrix's sale of hydrodermabrasion systems that Hydrafacial alleged to have infringed seven of Hydrafacial's patents on its device. On June 26, 2026, Bellatrix filed notice of Chapter 7 bankruptcy. On June 29, 2026, the court stayed the case until resolution of the bankruptcy proceedings. Hydrafacial expects this case to be dismissed by the end of 2026.

Securities Class Action

On November 16, 2023, a putative class action was filed in the United States District Court for the Central District of California against the Company, its then-current President and Chief Executive Officer, Andrew Stanleick, its former Chief Financial Officer, Liyuan Woo, and its current Chief Financial Officer, Michael Monahan. The complaint, styled Abduladhim A. Alghazwi, individually and on behalf of all others similarly situated, v. The Beauty Health Company, Andrew Stanleick, Liyuan Woo, and Michael Monahan, Case No. 2:23-cv-09733 (C.D. Ca.) (the "Securities Class Action"), asserted claims for violation of Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 10b-5 promulgated thereunder against all defendants (the "First Claim"), and violation of Section 20(a) of the Exchange Act against the individual defendants (the "Second Claim"). The complaint alleged that, between May 10, 2022 and November 13, 2023, defendants materially misled the investing public by publicly issuing false and/or misleading statements and/or omissions relating to Hydrafacial LLC's business, operations, and prospects, specifically with respect to the performance of and demand for the Syndeo 1.0 and 2.0 devices. The relief sought in the complaint included a request for compensatory damages suffered by the plaintiff and other members of the putative class for damages allegedly sustained as a result of the alleged securities violations.

On January 16, 2024, putative class members Jeff and Kevin Brown (the "Browns"), Priscilla and Martijn Dijkgraaf (the "Dijkgraafs"), and Joseph Jou filed three competing motions for appointment as lead plaintiff under the Private Securities Litigation Reform Act, 17 U.S.C. § 78u-4(a)(3). On January 31, 2024, Joseph Jou filed a notice of non-opposition to the Browns' and Dijkgraafs' motions for appointment as lead plaintiff. On May 2, 2024, the Court granted the Dijkgraafs' motion for appointment as lead plaintiff and approved the Dijkgraafs' counsel, Hagens Berman, as lead counsel. On July 1, 2024, lead plaintiffs filed a consolidated amended class action complaint asserting the same causes of action as the original complaint, but dropping Mr. Monahan as a defendant. The Securities Class Action case was assigned to U.S. District Judge Sherilyn Peace Garnett. On September 30, 2024, defendants filed a motion to dismiss the consolidated amended class action complaint in its entirety. Plaintiffs filed their opposition brief on November 22, 2024, and defendants filed their reply brief on December 23, 2024. A hearing on the defendants' motion to dismiss was scheduled for January 15, 2025. On January 10, 2025, the Court granted the parties' joint stipulation to adjourn the January 15, 2025 hearing. On January 17, 2025, the Court granted the parties' joint stipulation to withdraw briefing on defendants' motion to dismiss without prejudice to refiling and to briefly stay proceedings so that the parties could complete a private mediation before Greg Danilow of Phillips ADR Enterprises, P.C. The parties conducted the private mediation on March 27, 2025. The parties were unable to reach a settlement at the mediation. On May 5, 2025, the plaintiffs filed a second amended complaint (the "SAC"), pursuant to the parties' stipulation, which was so-ordered by the Court on April 16, 2025. On July 11, 2025, defendants filed a motion to dismiss the SAC in its entirety. The Court scheduled a hearing on defendants' motion for September 17, 2025. On September 15, 2025, the Court vacated the hearing sua sponte. On September 25, 2025, the Court denied defendants' motion to dismiss. On November 24, 2025, each Defendant filed an answer to the SAC. On November 26, 2025, the parties filed a Fed. R. Civ. P. 26(f) joint report and proposed stipulated pretrial schedule. On December 15, 2025, the Court so-ordered the parties' stipulated pretrial schedule, set the final pretrial conference for November 17, 2027, and set trial for December 7, 2027. On the same day, the Court referred the parties to a private mediation before a private mediator of their choice, to be completed by October 13, 2027. On March 24, 2026, the parties entered into a stipulation to extend the case schedule by approximately three months to allow them to focus on mediation efforts. On March 25, 2026, the Court issued an order granting the joint stipulation, resulting in a three-month extension of the case schedule and discovery deadlines. On May 20, 2026, the parties participated in a second private mediation, which took place in person, with Mr. Danilow of Phillips ADR Enterprises, P.C. After extensive negotiations, the parties reached a settlement in principle. On May 26, 2026, lead plaintiffs filed a notice of settlement, notifying the Court that the parties had agreed to a tentative settlement to resolve the entire action against all defendants, including Andrew Stanleick and Liyuan Woo. In that notice of settlement, the parties also notified the Court that they intended to file a comprehensive written settlement agreement and related documents, as part of their motion for preliminary approval. On June 17, 2026, lead plaintiffs filed their motion for preliminary approval of the proposed class action settlement, certification of the settlement class, approval of notice to the settlement class, and scheduling of the fairness hearing (the "Preliminary Approval Motion"). On July 2, 2026, lead plaintiffs filed a notice of absence of objection to the Preliminary Approval Motion, noting that no opposition or objection to the Preliminary Approval Motion had been filed to date.

On October 6, 2026, the Court entered an order granting the Preliminary Approval Motion. In its Order, the Court: (i) preliminarily approved the proposed settlement as set forth in the parties' Stipulation and Agreement of Settlement; (ii) preliminarily certified a settlement class; (iii) appointed Stretto, Inc. as the settlement administrator; (iv) approved the proposed form and method of notice to the settlement class; and (v) scheduled a final approval hearing for December 9, 2026. The Court also set a briefing schedule providing that: lead plaintiffs' motion for final approval, and any motion for attorneys' fees, costs, and class representative awards must be filed at least 28 days before the final approval hearing (i.e., by November 11, 2026), and any reply briefs must be filed at least 14 days before the hearing (i.e., by November 25, 2026). The Order also requires Defendants to file a declaration with the Court by November 25, 2026 attesting to service of a notice pursuant to the Class Actions Fairness Act of 2005, stating the position of any state or federal officials as to the proposed settlement. Per the terms of the Stipulation, by November 5, 2026, the Company will cause to be paid into escrow a total cash settlement payment of $18,000,000 (the "Cash Payment"), of which, the Company will be responsible to pay only $3,000,000 of the Cash Payment from its own funds, with the remaining $15,000,000 of the Cash Payment being contributed by certain of the Company's insurers. The settlement remains subject to final approval by the Court.

The Company continues to deny liability. The proposed settlement remains subject to final court approval.

Customer Class Action

On October 24, 2024, Jason Davalos ("Jason Davalos"), Sonia Davalos ("Sonia Davalos", and collectively with Jason Davalos, the "Davaloses"), and Sol Tan Tanning & Spa LLC ("Sol Tan", and collectively with the Davaloses, the "Class Action Plaintiffs"), individually and on behalf of all others similarly situated, filed a putative class action complaint (the "Complaint") against Hydrafacial LLC d/b/a The Hydrafacial Company ("Hydrafacial") and The Beauty Health Company ("BHC" and collectively with Hydrafacial, the "Class Action Defendants") for alleged violations of New York consumer fraud statutes, breach of contract, and common law breach of implied warranties (the "Customer Class Action"). Following motion practice and two amended complaints (as further described below), the case is now captioned Sol Tan Tanning & Spa LLC, et al., on behalf of themselves and all others similarly situated v. Hydrafacial LLC dba The Hydrafacial Company, Case No. 24-cv-8073 (S.D.N.Y.) (Caproni, J.). The Complaint alleged that all three versions of the Syndeo machine (Syndeo 1.0, Syndeo 2.0, and Syndeo 3.0) were defective and did not perform in the manner in which it had been represented by Class Action Defendants. Class Action Plaintiffs claim that Class Action Defendants made various misrepresentations in its marketing and sales of the Syndeo machines and, rather than provide a refund to customers for the defective machines, replaced them with another Syndeo machine that exhibited the same defects. Class Action Plaintiffs purported to bring claims on behalf of themselves, and all other similarly situated purchasers within the United States as well as a New York subclass. The Complaint asserted five causes of action: (1) violations of N.Y. G.B.L., § 349, the state consumer protection statute; (2) violations of N.Y. G.B.L., § 350, the state's false advertising statute; (3) breach of contract; (4) breach of the implied warranty of merchantability; and (5) breach of the implied warranty of fitness. The relief sought included monetary damages allegedly suffered by Class Action Plaintiffs and other members of the putative class as a result of Class Action Defendants' alleged violations and breaches, including a trebling of any money damages award for alleged violations of N.Y. G.B.L., § 349 and § 350.

On December 30, 2024, the Class Action Defendants filed a motion to dismiss the Complaint in its entirety. On January 3, 2025, the Class Action Defendants filed a motion to stay discovery during the pendency of their motion to dismiss. On January 8, 2025, the Davaloses voluntarily dismissed their claims against the Class Action Defendants pursuant to Fed. R. Civ. P. 41(a)(1)(A)(i), leaving plaintiff Sol Tan as the sole remaining Customer Class Action Plaintiff. Plaintiff Sol Tan filed their opposition brief on January 9, 2025, and the Class Action Defendants filed their reply brief on January 13, 2025. On January 16, 2025, the Court granted the parties' joint stipulation to adjourn the January 17, 2025 initial pretrial conference and stay the action pending the parties' completion of a private mediation. As part of its order, the Court also (1) adjourned plaintiff Sol Tan's deadline to respond to the Class Action Defendants' motion to dismiss sine die pending the outcome of mediation; (2) denied as moot the Class Action Defendants' motion to stay discovery in light of the parties' agreement to stay discovery pending the outcome of mediation; and (3) directed the parties to (a) file a joint letter on or before February 7, 2025, indicating the date (not later than May 8, 2025) on which the mediation is scheduled to occur; and (b) within seven days after the mediation, either (i) file a joint letter indicating that settlement was reached; or (ii) file a revised proposed case management plan and a revised joint letter required by the Court's Notice of Initial Pretrial Conference. On February 7, 2025, the parties filed a joint letter notifying the Court that they had agreed to mediate before Greg Danilow of Phillips ADR Enterprises. The parties conducted the private mediation on April 29, 2025; however, the parties were unable to reach a settlement at the mediation. Pursuant to the parties' so-ordered January 16 joint stipulation, on May 7, 2025, the parties filed a revised proposed case management plan and a revised joint letter in accordance with the Court's Notice of Initial Pretrial Conference. On the same day, the Court endorsed the joint submission and ordered plaintiff Sol Tan to file an amended complaint no later than June 2, 2025, and scheduled an initial pretrial conference for July 18, 2025.

On June 2, 2025, plaintiff Sol Tan and fifteen other alleged purchasers of the Syndeo machines ("Plaintiffs") filed an amended complaint (the "Amended Complaint") asserting: (1) violations of N.Y. G.B.L., § 349 ("Count IV"), the state consumer protection statute; (2) violations of N.Y. G.B.L., § 350 ("Count V"), the state's false advertising statute; (3) breach of the implied warranty of merchantability ("Count I"); (4) breach of express and implied contract and class-wide rescission ("Count II"); and (5) breach of express warranty ("Count III"). The relief sought in the Amended Complaint included monetary damages allegedly suffered by Class Action Plaintiffs and other members of the putative class as a result of Class Action Defendants' alleged violations and breaches, including a trebling of any money damages award for alleged violations of N.Y. G.B.L., § 349 and § 350. For Counts IV (violations of N.Y. G.B.L., § 349) and V (violations of N.Y. G.B.L., § 350), plaintiff Jennifer Skuratov d/b/a Spa Thirsty, Inc. ("Spa Thirsty"), sought certification of an alternative subclass of New York purchasers of Syndeo devices (the "Putative New York Subclass"). On June 23, 2025, Class Action Defendants moved to (i) dismiss Counts I, II, IV, and V in full; (ii) partially dismiss Count III to the extent it alleges design defects; (iii) dismiss all claims brought by plaintiff Spa Thirsty in full; (iv) dismiss all claims against BHC in full; and (v) dismiss Plaintiffs' claim for injunctive relief. On December 22, 2025, the Court granted Class Action Defendants' motion to dismiss in its entirety, except it denied Class Action Defendants' request that the claims brought by plaintiff Spa Thirsty be dismissed with prejudice. Specifically, the Court dismissed (i) all of Plaintiffs' claims against BHC; (ii) Plaintiffs' Count I, Count II, Count IV, Count V, and their request for injunctive relief; and (iii) the Class Action Plaintiffs' Count III to the extent it arises out of alleged defects affirmatively identified as "design defects" in the Amended Complaint. In addition, the Court denied the Class Action Plaintiffs' request for leave to amend as to all of the dismissed causes of action except for plaintiff Spa Thirsty's claims pursuant to N.Y. G.B.L. §§ 349 and 350. The Court gave plaintiff Spa Thirsty until January 9, 2026 to move for leave to file a second amended complaint that addresses the deficiencies with plaintiff Spa Thirsty's §§ 349 and 350 claims. Those deficiencies included plaintiff Spa Thirsty's failure to allege that it "was aware of any of [d]efendants' purportedly deceptive statements 'before [it] purchased or came into possession' of the Syndeo."

On January 9, 2026, Class Action Plaintiffs filed a letter motion for leave to file a second amended complaint and for reconsideration of the Court's dismissal of Plaintiffs' Count II. Class Action Plaintiffs appended a proposed second amended complaint (the "Second Amended Complaint") to their letter motion. The Second Amended Complaint alleged that plaintiff Spa Thirsty purchased a Syndeo in reliance on representations made by Hydrafacial to plaintiff Spa Thirsty at an aesthetic conference in New York, including that Syndeo was "top of the line," "hands free," "had superior cleanliness," "superior," "a major upgrade," "works great," and "yielded 'more than 15 uses per bottle of solution serum." The Second Amended Complaint alleged that those representations were deceptive in violation of N.Y. G.B.L. §§ 349 and 350 because the Syndeo allegedly lacked attributes Hydrafacial had represented to plaintiff Spa Thirsty and did not yield the promised treatments per bottle of solution serum. On January 23, 2026, Hydrafacial filed its opposition to Class Action Plaintiffs' letter motion. Hydrafacial argued that the Second Amended Complaint was futile because all of its alleged representations about the Syndeo were inactionable puffery, except for, arguably, the representation regarding the number of treatments per bottle of solution serum. For that representation, Hydrafacial argued that plaintiff Spa Thirsty did not allege that its Syndeo yielded fewer than 15 treatments per bottle and failed to allege other facts required to state §§ 349 and 350 claims. Hydrafacial also argued that Class Action Plaintiffs' request for reconsideration of the dismissal of Count II should be denied as untimely.

On January 27, 2026, the Court issued an order granting Class Action Plaintiffs' motion for leave to file the Second Amended Complaint but denied their request that the Court reconsider its order dismissing the claim for breach of contract in Count II of the Amended Complaint. Although the Court agreed with Hydrafacial that "many of the claims attributed to HydraFacial in the Second Amended Complaint are non-actionable puffery, the claim that the Syndeo 'yielded more than 15 uses per bottle of serum' is a verifiable statement of fact," and the Court could "infer that plaintiff Spa Thirsty's machine failed to yield the promised number of uses per bottle of serum …. From plaintiff Spa Thirsty's allegation that its 'machines run through serums faster than Defendant states it should.'" The Court denied reconsideration because Class Action Plaintiffs' request was both untimely and "would fail on the merits," as Class Action Plaintiffs "failed to allege the specific provisions of the contract upon which liability was predicated." Pursuant to the Court's order, Class Action Plaintiffs filed the Second Amended Complaint on January 29, 2026. As a result of the Court's ruling, the only claims still pending before the Court in the Customer Class Action are (i) the Class Action Plaintiffs' claim against Hydrafacial for breach of its express warranty against defects in materials and workmanship; and (ii) plaintiff Spa Thirsty's claim, asserted on behalf of itself and the Putative New York Subclass against Hydrafacial, for alleged violations of N.Y. G.B.L., § 349 and § 350.

On February 26, 2026, the parties jointly notified the Court that a settlement-in-principle had been reached for a total of $1,075,000 (the "Customer Class Action Settlement Amount") and requested that all deadlines be stayed for sixty (60) days. On March 2, 2026, the Court ordered Class Action Plaintiffs to file the necessary motion papers for preliminary approval of the settlement on or before May 29, 2026, and canceled all other deadlines in the case. On May 29, 2026, Class Action Plaintiffs filed a motion for preliminary approval of the settlement. On June 10, 2026, the Court issued an order denying the motion without prejudice, and requested that Class Action Plaintiffs file a supplemental letter addressing certain questions from the Court regarding distribution of proceeds and payment of attorneys' fees and requesting amended versions of the proposed forms of notice. On June 15, 2026, Class Action Plaintiffs filed their supplemental letter and revised proposed forms of notice. On June 25, 2026, the Court issued an order granting preliminary approval of the class action settlement and set a final approval hearing for December 4, 2026 at 10:00 am. On September 7, 2026, Class Action Plaintiffs filed an unopposed motion seeking: (i) $277,500 in attorneys' fees for Class Counsel; (ii) approximately $82,000 in litigation expenses; and (iii) a $10,000 service award to named Plaintiff Class Representative, where all such fees are inclusive within the Customer Class Action Settlement Amount. That motion remains pending.

The Company believes that the claims asserted in the Customer Class Action have no merit and it intends to vigorously defend them.

Consolidated Derivative Action

On February 8, 2024, a derivative complaint was filed in the Delaware Court of Chancery against the Company's former President and Chief Executive Officer, Andrew Stanleick; its former Chief Financial Officer, Liyuan Woo, and current members of the Company's Board of Directors (the "Board of Directors"): Brenton Saunders, Marla Beck, Michael Capellas, Julius Few, Desiree Gruber, Michelle Kerrick, Brian Miller, and Doug Schillinger, with the Company as the nominal defendant. The complaint, styled Margie Elstein, derivatively on behalf of The Beauty Health Company v. Brenton Saunders, Marla Beck, Michael Capellas, Julius Few, Desiree Gruber, Michelle Kerrick, Brian Miller, Doug Schillinger, Andrew Stanleick, and Liyuan Woo, C.A. No. 2024-0114-LWW (Del. Ch.) (the "Elstein Derivative Action"), asserts a single claim for breach of fiduciary duty against the individual defendants based on the alleged disclosure of knowingly false information and/or the alleged failure to respond to red flags relating to Hydrafacial's business, operations, and prospects, specifically with respect to the performance of and demand for the Syndeo 1.0 and 2.0 devices. The plaintiff-stockholder further maintains that no demand was made upon the Board of Directors prior to the initiation of the Elstein Derivative Action based on allegations that a majority of the Board of Directors was not disinterested or independent with respect to the fiduciary duty claim, such that demand should be excused as futile. The relief sought in the complaint includes a finding of demand futility, a finding that the individual defendants are liable for breaching their fiduciary duties (as current/former officers and directors), and an award of compensatory damages for harm suffered by the Company and its stockholders for harm allegedly sustained as a result of the alleged fiduciary duty violation.

On May 1, 2024, a derivative complaint was filed in the Delaware Court of Chancery against the Company's former President and Chief Executive Officer, Andrew Stanleick; its former Chief Financial Officer, Liyuan Woo, and the then-current members of the Board of Directors: Brent Saunders, Marla Beck, Michael Capellas, Julius Few, Desiree Gruber, Michelle Kerrick, Brian Miller, and Doug Schillinger, with the Company as the nominal defendant. The complaint, styled Richard Montague, derivatively on behalf of The Beauty Health Company v. Andrew Stanleick, Liyuan Woo, Brent Saunders, Marla Beck, Michael Capellas, Julius Few, Desiree Gruber, Michelle Kerrick, Brian Miller, and Doug Schillinger, C.A. No. 2024-0463-LWW (Del. Ch.) (the "Montague Derivative Action"), asserts claims for (i) breach of fiduciary duty, (ii) gross mismanagement, (iii) waste of corporate assets, (iv) unjust enrichment, and (v) aiding and abetting against the individual defendants based on allegations that the individual defendants made materially false and/or misleading statements, as well as failing to disclose material adverse facts about the Company's business, operations, and prospects, specifically relating to the Syndeo 1.0 and 2.0 devices. The relief sought in the Montague Derivative Action includes (a) awarding damages for harm suffered by the Company allegedly sustained as a result of the individual defendants' alleged breach of fiduciary duties, gross mismanagement, waste of corporate assets, and unjust enrichment, (b) awarding damages for harm suffered by the Company allegedly sustained as a result of the Company's directors' alleged aiding and abetting of breaching their fiduciary duties, (c) directing the Company to reform and improve its corporate governance and internal procedures, to comply with its existing governance obligations and all applicable laws, and to protect its investors from a recurrence of the alleged damaging events, and (d) awarding the plaintiff-stockholder the costs and disbursements of the Montague Derivative Action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses.

On May 22, 2024, the parties to the Elstein Derivative Action and Montague Derivative Action submitted a Stipulation and Proposed Order Governing Consolidation, Appointment of Lead, and Deadline to Respond to Operative Complaint. On May 24, 2024, Vice Chancellor Will, who was assigned to both the Elstein Derivative Action and the Montague Derivative Action, entered the Stipulation and Order Governing Consolidation, Appointment of Lead, and Deadline to Respond to Operative Complaint (the "Consolidation Order"). Per the Consolidation Order, the Elstein Derivative Action and the Montague Derivative Action were consolidated into a single derivative action, styled In re The Beauty Health Company Consolidated Stockholder Derivative Litigation, C.A. No. 2024-0114-LWW (Del. Ch.) (the "Consolidated Derivative Action"). The Consolidation Order designated the law firms of Gainey McKenna & Egleston and Komlossy Law, P.A. as co-lead counsel for plaintiffs in the Consolidated Derivative Action, and designated the law firm of Cooch and Taylor, P.A. as Delaware counsel for plaintiffs in the Consolidated Derivative Action. Additionally, the Consolidation Order designated the complaint filed in the Elstein Derivative Action as the operative complaint for the Consolidated Derivative Action, further providing that defendants are not obligated to answer or otherwise respond to the complaint filed in the Montague Derivative Action. The Consolidation Order further provided that defendants shall answer or otherwise respond to the complaint filed in the Elstein Derivative Action by August 25, 2024. This response deadline was subsequently vacated, prior to plaintiffs' filing, on September 9, 2024, of their Verified Consolidated Amended Stockholder Derivative Complaint (the "Operative Complaint"). On September 16, 2024, defendants filed their Motion to Dismiss the Operative Complaint, or Alternatively, Stay the Proceedings (the "Motion to Dismiss"). Defendants filed their opening brief in support of their Motion to Dismiss and stay on February 28, 2025. Pursuant to a scheduling order entered by the court, plaintiffs' answering brief was filed on May 2, 2025, and defendants' reply brief was filed on June 3, 2025. The parties held a mediation on November 4, 2025 and reached agreement on terms of a mutually agreeable resolution. On February 9, 2026, the parties entered into a Stipulation of Settlement, which is subject to court approval. On February 20, 2026, the Delaware Court of Chancery entered a Scheduling Order with respect to Notice and Settlement Hearing, requiring the Company to file a copy of the Notice of Pendency and Proposed Settlement of Derivative Action as an exhibit to a Current Report on Form 8-K, which the Company filed on March 6, 2026. The Court conducted a settlement hearing on May 13, 2026. On August 11, 2026, the Delaware Court of Chancery approved the settlement as fair, reasonable, and adequate.

Securities and Exchange Commission (the "SEC") Subpoena

On January 11, 2024, the Company was informed that the SEC is conducting a formal investigation of the Company related to, among other things, the allegations brought against the Company in the Securities Class Action lawsuit. The Company has subsequently received subpoenas from the SEC for the production of documents and witness testimony related to its investigation. The Company is in the process of responding to the subpoenas and intends to continue to fully cooperate with the SEC investigation. We cannot predict the duration, scope, or outcome of this matter at this time.

Item 1A. Risk Factors.

Please carefully consider the information set forth in this Quarterly Report on Form 10-Q and the risk factors discussed in Part I, "Item 1A. Risk Factors" in the Annual Report on Form 10-K, which could materially affect our business, financial condition, or future results. The risks described in our Annual Report on Form 10-K, as well as additional risks and uncertainties not presently known to us or that we currently deem immaterial, could materially and adversely affect our business, results of operations, and financial condition, which in turn could materially and adversely affect the trading price of shares of our Class A Common Stock. As of the date of this Quarterly Report on Form 10-Q, there have been no material updates or changes with respect to the risk factors previously disclosed in our Annual Report on Form 10-K, other than as set forth below, which should be read in conjunction with the risks described in our Annual Report on Form 10-K.

Our rebranding involves costs and may not be favorably received

On April 22, 2026, we changed our name from "The Beauty Health Company" to "SkinHealth Systems Inc." We have incurred costs as a result of the rebranding and the SkinHealth Systems brand name may not achieve or maintain the brand name recognition or status of our former BeautyHealth brand. Our corporate structure and how we report on our financial results remains unchanged. Developing and maintaining awareness of our brand is important to retain and attract customers. The success of our new brand is integral to our growth strategy and the importance of brand recognition will increase as competition in our market increases. Successful promotion of our brand will depend on the effectiveness of our marketing efforts, our ability to provide a reliable and useful platform to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop new functionality and solutions, and our ability to successfully differentiate our platform. Additionally, our partners' performance may affect our brand and reputation if customers do not have a positive experience. We rely on free and paid search engine marketing efforts to help drive traffic to our products, which efforts could be adversely affected by the rebranding initiative in the short and/or long term. Specifically, the rebranding could adversely affect the placement and ranking of our website within free and paid search results (as well as

the pricing of paid search results), any or all of which could increase marketing costs (particularly if free traffic is replaced with paid traffic) and adversely affect the effectiveness of our marketing efforts overall. Even if our brand recognition and loyalty increases, this may not generate customer awareness or yield increased revenue and profitability. Even if they do, any increased revenue may not offset the expenses we incurred in building our brand. For these reasons, our rebranding may not produce the benefits expected, could adversely affect our ability to retain and attract customers, and may have a material adverse effect on our results of operations, cash flows and financial condition.

If we fail to maintain compliance with Nasdaq's continued listing requirements, our Class A Common Stock could be delisted.

Our Class A Common Stock must satisfy The Nasdaq Stock Market LLC's ("Nasdaq") continued listing requirements, including the requirement that its closing bid price be at least $1.00 per share. We are currently in compliance with Nasdaq's other continued listing requirements, but there is no assurance we will remain so in the future. On May 8, 2026, Nasdaq notified us that we were not in compliance with the minimum bid price requirement. After we effected a 1-for-20 reverse stock split on October 14, 2026, Nasdaq notified us on October 28, 2026, that we had regained compliance and that the matter was closed. As of November 4, 2026, the closing bid price of our Class A Common Stock was $11.05 per share.

If our Class A Common Stock again fails to satisfy the minimum bid price requirement at a time when the October 14, 2026 reverse stock split falls within the one-year period preceding that failure, we will not be eligible for any compliance period otherwise available under Nasdaq's rules, and under Nasdaq Listing Rule 5810(c)(3)(A)(iv), Nasdaq's Listing Qualifications Department will be required to issue a Staff Delisting Determination, subject to our right to appeal to a Nasdaq Hearings Panel.

The same rule would also make us ineligible for a compliance period if, during the two-year period preceding a failure to meet the minimum bid price requirement, we effected one or more reverse stock splits with a cumulative ratio of 250-to-1 or more. Because we effected a 1-for-20 reverse stock split on October 14, 2026, an additional reverse stock split with a ratio of 1-for-12.5 or greater, effected while the October 2026 split remains within that two-year look-back period, would cause the cumulative ratio to reach or exceed 250-to-1. These restrictions may limit our ability to use a further reverse stock split to regain compliance if we become noncompliant again.

If we are unable to maintain or regain compliance, obtain relief from Nasdaq, or successfully appeal a delisting determination, our Class A Common Stock could be suspended or delisted. A suspension or delisting could adversely affect the liquidity and market price of our Class A Common Stock, could cause our Class A Common Stock to become subject to the SEC's penny stock rules, and could impair our ability to raise capital.

In addition, if our Class A Common Stock is no longer listed on any exchange permitted by the indenture governing the 2028 Notes, including the New York Stock Exchange and the Nasdaq Capital, Global and Global Select Markets, or their respective successors, a fundamental change would occur. Subject to the indenture's terms, holders could require us to repurchase their 2028 Notes for cash equal to principal plus accrued and unpaid interest to, but excluding, the repurchase date, subject to the applicable interest-payment provisions. As of September 30, 2026, the $250.0 million principal amount of the 2028 Notes exceeded our approximate $112.4 million of cash, cash equivalents and restricted cash, which included approximately $1.0 million of restricted cash. This comparison does not reflect subsequent cash flows, operating needs or restrictions on the use of cash. We may be unable to obtain financing or otherwise fund a required repurchase on acceptable terms or at all.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

During the three months ended September 30, 2026, the Company did not issue any shares of its Class A Common Stock or other equity securities that were not registered under the Securities Act of 1933, as amended.

Purchase of Equity Securities by Issuer and Affiliated Purchasers

During the three months ended September 30, 2026, the Company and its affiliated purchasers did not make any purchases of the Company's equity securities.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

During the three months ended September 30, 2026, no director or officer of the Company adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

No.	Description of Exhibit	Form	File No.	Exhibit	Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger, dated as of December 8, 2020, by and among Vesper Healthcare Acquisition Corp., Hydrate Merger Sub I, Inc., Hydrate Merger Sub II, LLC, LCP Edge Intermediate, Inc. and LCP Edge Holdco, LLC, in its capacity as the Stockholders' Representative	8-K	001-39565	2.1	December 9, 2020	
3.1	Third Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation	8-K	001-39565	3.1	April 22, 2026	
3.2	Restated Certificate of Incorporation of SkinHealth Systems Inc.	8-K	001-39565	3.2	April 22, 2026	
3.3	Certificate of Amendment to the Restated Certificate of Incorporation of SkinHealth Systems Inc.	8-K	001-39565	3.1	October 14, 2026	
3.4	Second Amended and Restated Bylaws of SkinHealth Systems Inc.	8-K	001-39565	3.3	April 22, 2026	
4.1	Indenture, dated as of September 14, 2021, between The Beauty Health Company and U.S. Bank National Association, as trustee	8-K	001-39565	4.1	September 14, 2021	
4.2	Form of certificate representing the 1.25% Convertible Senior Notes due 2026 (included as Exhibit A to Exhibit 4.1)	8-K	001-39565	4.2	September 14, 2021	
4.3	Warrant Agreement, dated September 29, 2020, between the Company and Continental Stock Transfer & Trust Company, as warrant agent	8-K	001-39565	4.1	October 5, 2020	
4.4	Indenture, dated May 27, 2025, between The Beauty Health Company, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee and collateral agent	10-Q	001-39565	4.4	August 7, 2025	
4.5	Form of Note representing the 7.95% Convertible Senior Secured Notes due 2028 (included as Exhibit A to Exhibit 4.4)	10-Q	001-39565	4.5	August 7, 2025	
4.6	Supplemental Indenture No. 1, dated September 4, 2025, among The Beauty Health Company, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee and collateral agent	8-K	001-39565	4.1	September 4, 2025	
31.1	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS**	Inline XBRL Instance Document					X
101.SCH**	Inline XBRL Taxonomy Extension Schema Document					X

EXHIBIT INDEX

No.	Description of Exhibit	Form	File No.	Exhibit	Filing Date	Filed Herewith
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB**	Inline XBRL Taxonomy Extension Labels Linkbase Document					X
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104**	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101 attachments)					

* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

** The XBRL related information in Exhibit 101 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

† Confidential portions of this exhibit were redacted pursuant to Item 601(b)(10) of Regulation S-K, and the Company agrees to furnish to the SEC a copy of any omitted schedule and/or exhibit upon request.

Management contract or compensatory plan or arrangement.

SIGNATURES

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

SKINHEALTH SYSTEMS INC.

Date: November 5, 2026

By: /s/ Pedro Malha
Name: Pedro Malha
Title: Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2026

By: /s/ Michael Monahan
Name: Michael Monahan
Title: Chief Financial and Operating Officer
(Principal Accounting Officer and Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Pedro Malha, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SkinHealth Systems Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ Pedro Malha

Pedro Malha
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Monahan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SkinHealth Systems Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ Michael Monahan

Michael Monahan
Chief Financial and Operating Officer
(Principal Accounting and Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SkinHealth Systems Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2026, as filed with the Securities and Exchange Commission (the "Report"), I, Pedro Malha, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2026

/s/ Pedro Malha

Pedro Malha
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SkinHealth Systems Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2026, as filed with the Securities and Exchange Commission (the "Report"), I, Michael Monahan, Chief Financial and Operating Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 5, 2026

/s/ Michael Monahan

Michael Monahan
Chief Financial and Operating Officer
(Principal Accounting and Financial Officer)