

**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, 2025**
- 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**

The Beauty Health Company
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

2165 Spring Street
Long Beach, CA 90806
(Address of principal executive offices, including zip code)

85-1908962
(I.R.S. Employer Identification No.)

(800) 603-4996
Registrant's telephone number, including area code

N/A
(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 | <input type="checkbox"/> | Accelerated filer | <input checked="" type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

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 3, 2025, there were 127,503,059 shares of Class A Common Stock, par value \$0.0001 per share issued and outstanding.

THE BEAUTY HEALTH COMPANY
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2025
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PART I— FINANCIAL INFORMATION

Item 1. Financial Statements.

THE BEAUTY HEALTH COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share amounts)
(Unaudited)

| | September 30, 2025 | December 31, 2024 |
|--|--------------------|-------------------|
| ASSETS | | |
| Current assets: | | |
| Cash, cash equivalents, and restricted cash | \$ 219,397 | \$ 370,063 |
| Accounts receivable, net of allowances for estimated credit losses of \$7,429 and \$9,597 at September 30, 2025 and December 31, 2024, respectively | 22,206 | 27,643 |
| Inventories | 56,146 | 69,113 |
| Income tax receivable | 3,186 | 818 |
| Prepaid expenses and other current assets | 7,432 | 9,487 |
| Total current assets | 308,367 | 477,124 |
| Property and equipment, net | 3,053 | 5,978 |
| Right-of-use assets, net | 13,612 | 13,590 |
| Intangible assets, net | 37,981 | 47,512 |
| Goodwill | 126,497 | 123,499 |
| Deferred income tax assets, net | 985 | 3,894 |
| Other assets | 13,141 | 14,086 |
| TOTAL ASSETS | \$ 503,636 | \$ 685,683 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 17,294 | \$ 21,941 |
| Accrued payroll-related expenses | 18,759 | 17,636 |
| Lease liabilities, current | 5,041 | 5,147 |
| Income tax payable | 1,495 | 3,426 |
| Other accrued expenses | 19,315 | 20,002 |
| Total current liabilities | 61,904 | 68,152 |
| Lease liabilities, non-current | 10,551 | 10,813 |
| Deferred income tax liabilities, net | 112 | 396 |
| Warrant liabilities | 139 | 488 |
| Convertible senior notes, net | 363,388 | 552,198 |
| Other long-term liabilities | 1,882 | 1,833 |
| Total liabilities | 437,976 | 633,880 |
| Commitments (Note 6) | | |
| Stockholders' equity: | | |
| Class A Common Stock, \$0.0001 par value; 320,000,000 shares authorized; 127,301,264 and 124,924,185 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively | 13 | 12 |
| Additional paid-in capital | 576,802 | 566,709 |
| Accumulated other comprehensive loss | (1,775) | (6,953) |
| Accumulated deficit | (509,380) | (507,965) |
| Total stockholders' equity | 65,660 | 51,803 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 503,636 | \$ 685,683 |

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

THE BEAUTY HEALTH COMPANY
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, | |
|---|----------------------------------|--------------------|---------------------------------|--------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net sales | \$ 70,655 | \$ 78,802 | \$ 218,422 | \$ 250,799 |
| Cost of sales | 25,021 | 38,153 | 75,096 | 120,849 |
| Gross profit | <u>45,634</u> | <u>40,649</u> | <u>143,326</u> | <u>129,950</u> |
| Operating expenses: | | | | |
| Selling and marketing | 20,928 | 27,620 | 70,077 | 91,786 |
| Research and development | 1,698 | 1,108 | 3,947 | 5,074 |
| General and administrative | 29,250 | 33,436 | 90,267 | 93,707 |
| Total operating expenses | <u>51,876</u> | <u>62,164</u> | <u>164,291</u> | <u>190,567</u> |
| Loss from operations | <u>(6,242)</u> | <u>(21,515)</u> | <u>(20,965)</u> | <u>(60,617)</u> |
| Interest expense | 6,311 | 2,468 | 12,953 | 7,949 |
| Interest income | (1,256) | (4,876) | (7,442) | (14,426) |
| Other income, net | (601) | (69) | (18,807) | (33,475) |
| Change in fair value of warrant liabilities | (210) | (418) | (349) | (2,997) |
| Foreign currency transaction loss (gain), net | 159 | (2,277) | (6,190) | 164 |
| Loss before provision for income taxes | <u>(10,645)</u> | <u>(16,343)</u> | <u>(1,130)</u> | <u>(17,832)</u> |
| Income tax expense | 386 | 1,948 | 285 | 936 |
| Net loss | <u>(11,031)</u> | <u>(18,291)</u> | <u>(1,415)</u> | <u>(18,768)</u> |
| Comprehensive (loss) income, net of tax: | | | | |
| Foreign currency translation adjustments | 421 | 1,187 | 5,178 | (676) |
| Comprehensive (loss) income | <u>\$ (10,610)</u> | <u>\$ (17,104)</u> | <u>\$ 3,763</u> | <u>\$ (19,444)</u> |
| Net loss per share | | | | |
| Basic | \$ (0.09) | \$ (0.15) | \$ (0.01) | \$ (0.15) |
| Diluted | \$ (0.09) | \$ (0.15) | \$ (0.11) | \$ (0.31) |
| Weighted average common stock outstanding | | | | |
| Basic | 126,890,888 | 124,057,602 | 126,020,956 | 123,630,811 |
| Diluted | 126,890,888 | 124,057,602 | 137,294,187 | 142,667,209 |

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

THE BEAUTY HEALTH COMPANY
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, 2023 | 122,899,002 | \$ 12 | \$ 541,281 | \$ (3,036) | \$ (478,867) | \$ 59,390 |
| Net loss | — | — | — | — | (679) | (679) |
| Issuance of common stock pursuant to equity compensation plan | 843,950 | — | — | — | — | — |
| Shares withheld for tax withholdings on vested stock awards | (289,533) | — | (1,005) | — | — | (1,005) |
| Share-based compensation | — | — | 6,636 | — | — | 6,636 |
| Foreign currency translation adjustments | — | — | — | (1,047) | — | (1,047) |
| BALANCE, March 31, 2024 | 123,453,419 | \$ 12 | \$ 546,912 | \$ (4,083) | \$ (479,546) | \$ 63,295 |
| Net income | — | — | — | — | 202 | 202 |
| Issuance of common stock pursuant to equity compensation plan | 454,362 | — | — | — | — | — |
| Shares withheld for tax withholdings on vested stock awards | (104,120) | — | (368) | — | — | (368) |
| Issuance of common stock relating to employee stock purchase plan | 190,124 | — | 378 | — | — | 378 |
| Share-based compensation | — | — | 6,498 | — | — | 6,498 |
| Foreign currency translation adjustments | — | — | — | (816) | — | (816) |
| BALANCE, June 30, 2024 | 123,993,785 | \$ 12 | \$ 553,420 | \$ (4,899) | \$ (479,344) | \$ 69,189 |
| Net loss | — | — | — | — | (18,291) | (18,291) |
| Issuance of common stock pursuant to equity compensation plan | 171,021 | — | — | — | — | — |
| Shares withheld for tax withholdings on vested stock awards | (53,372) | — | (73) | — | — | (73) |
| Share-based compensation | — | — | 7,712 | — | — | 7,712 |
| Foreign currency translation adjustments | — | — | — | 1,187 | — | 1,187 |
| BALANCE, September 30, 2024 | 124,111,434 | \$ 12 | \$ 561,059 | \$ (3,712) | \$ (497,635) | \$ 59,724 |

| | Common Stock | | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|---|--------------|--------|-------------------------------|--|--------------|------------------------|---|
| | Shares | Amount | | | | | |
| BALANCE, December 31, 2024 | 124,924,185 | \$ 12 | \$ 566,709 | \$ (6,953) | \$ (507,965) | \$ 51,803 | |
| Net loss | — | — | — | — | (10,096) | (10,096) | |
| Issuance of common stock pursuant to equity compensation plan | 483,396 | — | — | — | — | — | |
| Shares withheld for tax withholdings on vested stock awards | (161,295) | — | (250) | — | — | (250) | |
| Share-based compensation | — | — | 3,476 | — | — | 3,476 | |
| Foreign currency translation adjustments | — | — | — | 1,128 | — | 1,128 | |
| BALANCE, March 31, 2025 | 125,246,286 | \$ 13 | \$ 569,935 | \$ (5,825) | \$ (518,061) | \$ 46,062 | |
| Net income | — | — | — | — | 19,712 | 19,712 | |
| Issuance of common stock pursuant to equity compensation plan | 2,091,026 | — | — | — | — | — | |
| Shares withheld for tax withholdings on vested stock awards | (572,750) | — | (708) | — | — | (708) | |
| Share-based compensation | — | — | 5,308 | — | — | 5,308 | |
| Foreign currency translation adjustments | — | — | — | 3,629 | — | 3,629 | |
| BALANCE, June 30, 2025 | 126,764,562 | \$ 13 | \$ 574,535 | \$ (2,196) | \$ (498,349) | \$ 74,003 | |
| Net loss | — | — | — | — | (11,031) | (11,031) | |
| Issuance of common stock pursuant to equity compensation plan | 774,465 | — | — | — | — | — | |
| Shares withheld for tax withholdings on vested stock awards | (237,763) | — | (188) | — | — | (188) | |
| Share-based compensation | — | — | 2,455 | — | — | 2,455 | |
| Foreign currency translation adjustments | — | — | — | 421 | — | 421 | |
| BALANCE, September 30, 2025 | 127,301,264 | \$ 13 | \$ 576,802 | \$ (1,775) | \$ (509,380) | \$ 65,660 | |

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

THE BEAUTY HEALTH COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

| | Nine Months Ended September 30, | |
|---|---------------------------------|-------------------|
| | 2025 | 2024 |
| Cash flows from operating activities: | | |
| Net loss | \$ (1,415) | \$ (18,768) |
| Adjustments to reconcile net loss to net cash from operating activities | | |
| Share-based compensation | 11,239 | 20,846 |
| Amortization of intangible assets | 13,513 | 15,314 |
| Depreciation of property and equipment | 3,204 | 8,486 |
| Amortization of other assets | 3,281 | 3,321 |
| Amortization of debt issuance costs | 2,621 | 2,532 |
| Inventory write-down | 3,643 | 22,704 |
| Provision for estimated credit losses | 1,933 | 5,135 |
| Change in fair value of warrant liabilities | (349) | (2,997) |
| Gain on exchange and repurchases of convertible senior notes, net | (18,089) | (33,411) |
| Deferred income taxes | 2,893 | (250) |
| Other, net | (2,679) | 9,938 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 4,769 | 13,348 |
| Inventories | 11,114 | (7,468) |
| Prepaid expenses, other current assets, and income tax receivable | (110) | 7,956 |
| Accounts payable, accrued expenses, and income tax payable | (7,117) | (39,501) |
| Other, net | (6,162) | (7,523) |
| Net cash provided by (used for) operating activities | <u>22,289</u> | <u>(338)</u> |
| Cash flows from investing activities: | | |
| Cash paid for intangible assets | (3,617) | (5,250) |
| Cash paid for property and equipment | (164) | (682) |
| Net cash used for investing activities | <u>(3,781)</u> | <u>(5,932)</u> |
| Cash flows from financing activities: | | |
| Repurchase of 2026 Notes in connection with exchange | (392,583) | — |
| Issuance of 2028 Notes in connection with exchange, net | 237,686 | — |
| Repurchase of 2026 Notes | (18,372) | (156,082) |
| Payment of tax withholdings on vested stock awards | (1,145) | (1,489) |
| Net cash used for financing activities | <u>(174,414)</u> | <u>(157,571)</u> |
| Net change in cash, cash equivalents, and restricted cash | (155,906) | (163,841) |
| Effect of foreign currency translation on cash | 5,240 | (292) |
| Cash, cash equivalents, and restricted cash beginning of period | 370,063 | 523,025 |
| Cash, cash equivalents, and restricted cash end of period | <u>\$ 219,397</u> | <u>\$ 358,892</u> |

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

THE BEAUTY HEALTH COMPANY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Description of Business

The Beauty Health Company (the “Company”) is a medtech meets beauty company that delivers skin health experiences that help consumers reinvent their relationship with their skin, bodies, and self-confidence. The Company and its subsidiaries design, develop, manufacture, market, and sell esthetic technologies and products. The Company’s brands are pioneers: HydraFacial in hydradermabrasion; SkinStylus in nanoneedling and microneedling; and Keravive in scalp health. Together, with its powerful global community of estheticians, partners, and consumers, the Company is personalizing skin health for all ages, genders, skin tones, and skin types.

Historical Information

The Company (f.k.a. 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. (“Vesper Healthcare”), 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, 2024.

Note 2 — Balance Sheet Components

Inventories consist of the following as of the periods indicated:

| (in thousands) | September 30, 2025 | December 31, 2024 |
|-------------------|--------------------|-------------------|
| Raw materials | \$ 23,001 | \$ 26,019 |
| Finished goods | 33,145 | 43,094 |
| Total inventories | <u>\$ 56,146</u> | <u>\$ 69,113</u> |

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

| (in thousands) | September 30, 2025 | December 31, 2024 |
|--|--------------------|-------------------|
| Accrued compensation and payroll taxes | \$ 12,701 | \$ 10,708 |
| Accrued sales commissions | 4,124 | 4,784 |
| Accrued benefits | 1,934 | 2,144 |
| Total accrued payroll-related expenses | <u>\$ 18,759</u> | <u>\$ 17,636</u> |

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

| (in thousands) | September 30, 2025 | December 31, 2024 |
|------------------------------|--------------------|-------------------|
| Sales and VAT tax payables | \$ 2,852 | \$ 5,244 |
| Accrued interest | 7,624 | 1,743 |
| Royalty liabilities | 1,504 | 1,897 |
| Deferred revenue | 534 | 2,375 |
| Other | 6,801 | 8,743 |
| Total other accrued expenses | <u>\$ 19,315</u> | <u>\$ 20,002</u> |

As of September 30, 2025 and December 31, 2024, total warranty reserve was approximately \$2 million and \$4 million, respectively, which was included in other accrued expenses on the Condensed Consolidated Balance Sheets.

As of September 30, 2025 and December 31, 2024, the Company has approximately \$2 million 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.

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, 2025 | December 31, 2024 |
|---|--|--------------------|-------------------|
| Leasehold improvements | Shorter of remaining lease term or estimated useful life | \$ 10,965 | \$ 12,019 |
| Machinery and equipment | 2-5 | 5,076 | 7,076 |
| Furniture and fixtures | 2-7 | 5,954 | 6,096 |
| Computers and equipment | 3-5 | 5,302 | 5,496 |
| Tooling | 5 | 732 | 732 |
| Autos and trucks | 5 | 61 | 59 |
| Construction in progress | | 26 | — |
| Total property and equipment | | 28,116 | 31,478 |
| Less: accumulated depreciation and amortization | | (25,063) | (25,500) |
| Property and equipment, net | | <u>\$ 3,053</u> | <u>\$ 5,978</u> |

Note 4 — Goodwill and Intangible Assets, net*Goodwill*

The changes in the carrying value of goodwill for the nine months ended September 30, 2025 is as follows (in thousands):

| | | |
|-------------------------------------|----|----------------|
| December 31, 2024 | \$ | 123,499 |
| Foreign currency translation impact | | 2,998 |
| September 30, 2025 | \$ | <u>126,497</u> |

Intangible Assets, Net

The gross carrying amount and accumulated amortization of the Company's intangible assets, net, as of September 30, 2025 were as follows:

| (in thousands) | Gross Carrying Value | Accumulated Amortization | Net Carrying Value | Estimated Useful Life (Years) |
|-------------------------|----------------------------|-----------------------------|-----------------------|-------------------------------------|
| Developed technology | \$ 91,629 | \$ (77,995) | \$ 13,634 | 3 - 10 |
| Capitalized software | 25,282 | (14,176) | 11,106 | 3 - 5 |
| Customer relationships | 19,031 | (16,746) | 2,285 | 5 - 10 |
| Trademarks | 11,700 | (6,807) | 4,893 | 15 |
| Non-compete agreement | 5,905 | (3,455) | 2,450 | 3 |
| Patents | 4,588 | (975) | 3,613 | 3 - 19 |
| Total intangible assets | <u>\$ 158,135</u> | <u>\$ (120,154)</u> | <u>\$ 37,981</u> | |

The gross carrying amount and accumulated amortization of the Company's intangible assets, net, as of December 31, 2024 were as follows:

| (in thousands) | Gross Carrying Value | Accumulated Amortization | Net Carrying Value | Estimated Useful Life (Years) |
|-------------------------|----------------------------|-----------------------------|-----------------------|-------------------------------------|
| Developed technology | \$ 91,629 | \$ (74,655) | \$ 16,974 | 3 - 10 |
| Capitalized software | 22,983 | (8,027) | 14,956 | 3 - 5 |
| Customer relationships | 17,569 | (13,696) | 3,873 | 5 - 10 |
| Trademarks | 11,674 | (6,189) | 5,485 | 15 |
| Non-compete agreement | 5,814 | (2,605) | 3,209 | 3 |
| Patents | 3,781 | (766) | 3,015 | 3 - 19 |
| Total intangible assets | <u>\$ 153,450</u> | <u>\$ (105,938)</u> | <u>\$ 47,512</u> | |

Note 5 — Long-Term Debt

Convertible Senior Notes - 2026

On September 14, 2021, the Company issued an aggregate of \$750.0 million in principal amount of its 1.25% Convertible Senior Notes due October 1, 2026 (the “2026 Notes”). The 2026 Notes were issued pursuant to, and are 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, 2024, there were no repurchases related to the 2026 Notes. During the nine months ended September 30, 2024, the Company repurchased \$192.3 million principal amount of the 2026 Notes for \$156.1 million and recognized a net gain of \$33.4 million, which includes \$2.8 million of unamortized debt issuance costs related to the repurchase.

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.

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 (the “Existing Notes”). Pursuant to the Exchange Agreements, the Company exchanged and repurchased \$413.2 million aggregate principal amount of the Existing Notes. Of the \$413.2 million aggregate principal amount of the Existing 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 (the “2028 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.

The 2028 Notes are the Company’s senior, secured obligations and are guaranteed by certain of the Company’s subsidiaries (including the Company’s material domestic, wholly-owned subsidiaries) and are secured on a first-priority basis by substantially all assets of the Company and such guarantors, subject to certain exceptions. The 2028 Notes will accrue interest at a rate of 7.95% per annum, payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2025. The 2028 Notes will mature on November 15, 2028 (the “Maturity Date”), unless earlier repurchased, redeemed or converted. Subject to certain restrictions, noteholders may convert their 2028 Notes at any time at their election until the close of business on the second scheduled trading day immediately before the Maturity Date. The initial conversion rate is 349.6503 shares of Class A Common Stock per \$1,000 principal amount of 2028 Notes, which represents an initial conversion price of approximately \$2.86 per share of Class A Common Stock. The conversion rate and conversion price is subject to adjustment upon the occurrence of certain events. The Company will settle conversions by paying or delivering, as applicable, cash, shares of its Class A Common Stock or a combination of cash and shares of its Class A Common Stock, at the Company’s election. In addition, if certain corporate events that constitute a “Make-Whole Fundamental Change” (as defined in the 2028 Indenture) occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

The 2028 Notes will be redeemable, in whole or in part (subject to certain limitations described below), at the Company’s option at any time, and from time to time, on or after September 1, 2028, and on or before the 40th scheduled trading day immediately before the Maturity Date, but only if certain liquidity conditions are satisfied. The redemption price will be a cash amount equal to the principal amount of the 2028 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, the calling of any 2028 Notes for redemption will constitute a Make-Whole Fundamental Change with respect to that 2028 Note, in which case the conversion rate applicable to the conversion of that 2028 Note will be increased in certain circumstances if it is converted after it is called for redemption.

If certain corporate events that constitute a “Fundamental Change” (as defined in the 2028 Indenture) occur, then, subject to a limited exception, noteholders may require the Company to repurchase their 2028 Notes at a cash repurchase price equal to the principal amount of the 2028 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. The definition of Fundamental Change includes certain business combination transactions involving the Company and certain de-listing events with respect to the Company’s Class A Common Stock.

The 2028 Indenture also contains a number of restrictive covenants and limitations, including restrictions on the Company’s ability to incur certain indebtedness and other limitations on liens, investments and restricted payments, as further described in the 2028 Indenture.

The Company incurred \$11.4 million of debt issuance costs related to the exchange and repurchase of the Existing Notes, which was recorded as a reduction to convertible senior notes, net on the Condensed Consolidated Balance Sheets. The debt issuance costs are being amortized over the term of the 2028 Notes using the effective interest method. Additionally, the Company incurred \$0.9 million of other fees related to the exchange and repurchase of the Existing Notes.

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

| (in thousands) | September 30, 2025 | December 31, 2024 |
|---------------------------------|--------------------|-------------------|
| 2026 Notes | \$ 124,485 | \$ 557,700 |
| 2028 Notes | 250,000 | — |
| Unamortized debt issuance costs | (11,097) | (5,502) |
| Convertible senior notes, net | <u>\$ 363,388</u> | <u>\$ 552,198</u> |

As of September 30, 2025 and December 31, 2024, the estimated fair value of the Notes were \$390.9 million (compared to a carrying amount of \$374.5 million) and \$446.2 million (compared to a carrying amount of \$557.7 million), respectively. The estimated fair value of the Notes was determined based on the actual bid price of the Notes on September 30, 2025 and December 31, 2024, and are classified as Level 2 within the fair value hierarchy.

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

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 "Defendants"). 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"), asserts 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 (First Claim), and violation of Section 20(a) of the Exchange Act against the individual defendants (Second Claim). The complaint alleges 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 Hydracial'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 includes 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 Martjn Dijkgraaf (the “Dijkgraafs”), and Joseph Jou filed three competing motions for appointment as lead plaintiff under the Private Securities Litigation Reform Act (“PSLRA”), 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. The Securities Class Action case is assigned to U.S. District Judge Sheryllyn Peace Garnett. On September 30, 2024, the Company filed a motion to dismiss the consolidated amended class action complaint in its entirety. Plaintiffs filed their opposition brief on November 22, 2024, and the Company filed its 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 refile and to briefly stay proceedings so that the parties can complete a private mediation. The parties conducted the private mediation on March 27, 2025. The parties were unable to reach a settlement at the mediation. On April 16, 2025, the court so-ordered the parties’ stipulation. On May 5, 2025, the plaintiffs filed an amended complaint. On July 11, 2025, Defendants filed a motion to dismiss the amended complaint 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. Defendants’ answer to the amended complaint is due November 24, 2025.

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

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 against Hydrafacial LLC d/b/a The Hydrafacial Company and The Beauty Health Company (collectively, 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”). The case is captioned Jason Davalos, Sonia Davalos, Sol Tan Tanning & Spa LLC, on behalf of themselves and all others similarly situated v. Hydrafacial LLC dba The Hydrafacial Company, and The Beauty Health Company, Case No. 24-cv-8073 (S.D.N.Y.) (Caproni, J.) The complaint alleges 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 purport to bring claims on behalf of themselves, and all other similarly situated purchasers within the United States, of Class Action Defendants’ Syndeo machines. The complaint asserts five causes of action: (1) violations of N.Y. G.B.L., § 349, the state consumer production 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 in the complaint includes 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 Customer Class Action 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 Davalos 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 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 and fifteen other alleged purchasers of the Syndeo machines filed an 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 includes 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 June 23, 2025, 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 Jennifer Skuratov d/b/a Spa Thirsty in full; (iv) dismiss all claims against the Company in full; and (v) dismiss Plaintiffs' claim for injunctive relief. The parties are currently engaged in discovery while they await the Court's ruling on Defendants' partial motion to dismiss.

The Company believes that the claims asserted in the Customer Class Action have no merit and Class Action Defendants intend 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 Company's 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 current members of the Company's 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 Gaine 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. Although oral argument before the Delaware Court of Chancery on the Motion to Dismiss is scheduled for January 7, 2026, the parties held a mediation on November 4, 2025 and have reached agreement on certain terms of a mutually agreeable resolution. However, the settlement discussions are ongoing and any final resolution is subject to the parties' execution of a final settlement agreement and the Delaware Court of Chancery's approval.

The Company believes that the claims asserted in the Consolidated Derivative Action have no merit and intends to vigorously defend them.

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 information related to its investigation. The Company is in the process of responding to the subpoenas and intends 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 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 shares of Class A Common Stock issued upon conversion of the 11,500,000 shares of Class B common stock (the "Founder Shares") that were owned by the Sponsor and converted into shares of Class A Common Stock in connection with the Business Combination and upon exercise of any 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 is one year after the completion of the Business Combination unless (A) the closing price of the Class A Common Stock equals or exceeds \$12.00 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 completes a liquidation, merger, capital stock exchange, reorganization or other similar transaction that results 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 is 30 days after the completion of the Business Combination. The Sponsor and its permitted transferees will also be 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.

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, 2025 and December 31, 2024, there were 127,301,264 and 124,924,185, 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, 2025 and December 31, 2024, 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, 2025 and December 31, 2024, 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.

| (in thousands) | As of September 30, 2025 | | | |
|--|--------------------------|---------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Cash, cash equivalents, and restricted cash: | | | | |
| Money market funds | \$ 126,580 | \$ — | \$ — | \$ 126,580 |
| Liabilities | | | | |
| Warrant liability — Private Placement Warrants | \$ — | \$ — | \$ 139 | \$ 139 |

| (in thousands) | As of December 31, 2024 | | | |
|--|-------------------------|---------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Cash, cash equivalents, and restricted cash: | | | | |
| Money market funds | \$ 284,462 | \$ — | \$ — | \$ 284,462 |
| Liabilities | | | | |
| Warrant liability — Private Placement Warrants | \$ — | \$ — | \$ 488 | \$ 488 |

In October 2020, in connection with the consummation of Vesper Healthcare's initial public offering, the Company issued 9,333,333 warrants to purchase shares of the Company's Class A Common Stock at \$11.50 per share (the "Private Placement Warrants"), to BLS Investor Group LLC, which will expire five years after the Business Combination. As of September 30, 2025 and December 31, 2024, the Company had approximately 7 million Private Placement Warrants outstanding for which the fair value was determined using a Monte Carlo simulation.

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, and serums 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:

| (in thousands) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------|----------------------------------|------------------|---------------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net Sales | | | | |
| Delivery Systems | \$ 20,819 | \$ 27,613 | \$ 63,394 | \$ 98,605 |
| Consumables | 49,836 | 51,189 | 155,028 | 152,194 |
| Total net sales | <u>\$ 70,655</u> | <u>\$ 78,802</u> | <u>\$ 218,422</u> | <u>\$ 250,799</u> |

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

| (in thousands) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------------|----------------------------------|------------------|---------------------------------|-------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Americas | \$ 48,263 | \$ 51,878 | \$ 146,568 | \$ 159,935 |
| Europe, the Middle East and Africa | 16,056 | 16,095 | 49,465 | 54,428 |
| Asia-Pacific | 6,336 | 10,829 | 22,389 | 36,436 |
| Total net sales | <u>\$ 70,655</u> | <u>\$ 78,802</u> | <u>\$ 218,422</u> | <u>\$ 250,799</u> |

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 2024 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:

| (in thousands) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--------------------------------|----------------------------------|----------|---------------------------------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| Cost of sales | \$ 121 | \$ 193 | \$ 395 | \$ (81) |
| Selling and marketing | 581 | 2,393 | 1,925 | 7,021 |
| Research and development | 125 | 168 | 417 | 216 |
| General and administrative | 1,628 | 4,958 | 8,502 | 13,690 |
| Total share-based compensation | \$ 2,455 | \$ 7,712 | \$ 11,239 | \$ 20,846 |

Total share-based compensation expense for the three and nine months ended September 30, 2025 includes reversal of expense related to the forfeiture of unvested awards of \$2.6 million and \$5.1 million, respectively.

As of September 30, 2025, total unrecognized compensation expense related to unvested share-based compensation totaled \$19.4 million and is expected to be recognized over a weighted-average period of 1.9 years.

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, 2025 | 7,254,391 | 1,237,822 | \$ 4.56 | \$ 5.93 |
| Granted | 10,396,409 | 1,676,134 | 1.34 | 2.12 |
| Vested | (2,907,129) | (441,558) | 4.99 | 3.11 |
| Forfeited | (3,994,026) | (1,007,055) | 2.61 | 4.09 |
| Outstanding - September 30, 2025 | 10,749,645 | 1,465,343 | \$ 2.06 | \$ 3.69 |

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, 2025 | 3,483,070 | \$ 13.64 | | 5.29 |
| Granted | — | — | | |
| Exercised | — | — | | |
| Forfeited | (74,475) | 15.45 | | |
| Expired | (867,750) | 13.74 | | |
| Outstanding - September 30, 2025 | 2,540,845 | 13.55 | | 5.45 |
| Vested and Exercisable - September 30, 2025 | 2,528,490 | 13.49 | | 5.44 |
| Options vested and expected to vest - September 30, 2025 | 2,540,845 | \$ 13.55 | | 5.45 |

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 Accounting Standards Codification (“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. jurisdiction as required by ASC 740-270-30-36(a). 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 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.

For the three and nine months ended September 30, 2024, the Company recorded income tax expense of \$1.9 million and \$0.9 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 in the U.S. against its deferred tax assets 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 \$1.5 million and \$1.2 million as of September 30, 2025 and December 31, 2024, respectively.

On July 4, 2025, the One Big Beautiful Bill Act (the “Act”) was enacted in the United States. The Act includes corporate tax provisions that make 100% bonus depreciation permanent, allow for the expensing of domestic research costs, and modify the business interest expense limitation calculation. The Company has completed its initial assessment of the provisions relevant to its U.S. operations. Based on this assessment, the Act is expected to reduce the Company's U.S. federal income taxes. The Company has incorporated the Act's changes in its income tax provision for the nine months ended September 30, 2025, which did not have a material impact on the U.S. effective tax rate and net deferred tax assets as the Company maintains a full valuation allowance in the United States.

Note 13 — Net Loss Attributable to Common Stockholders

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

| (in thousands, except share and per share amounts) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-------------|---------------------------------|-------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net loss available to common stockholders - basic | \$ (11,031) | \$ (18,291) | \$ (1,415) | \$ (18,768) |
| Adjustments related to the 2026 Notes ⁽¹⁾ | — | — | (13,117) | (25,186) |
| Net loss available to common stockholders - diluted | \$ (11,031) | \$ (18,291) | \$ (14,532) | \$ (43,954) |
| Weighted average common stock outstanding - basic | 126,890,888 | 124,057,602 | 126,020,956 | 123,630,811 |
| Effect of dilutive shares: | | | | |
| 2026 Notes | — | — | 11,273,231 | 19,036,398 |
| Weighted average common stock outstanding - diluted | 126,890,888 | 124,057,602 | 137,294,187 | 142,667,209 |
| Basic net loss per share: | \$ (0.09) | \$ (0.15) | \$ (0.01) | \$ (0.15) |
| Dilutive net loss per share: | \$ (0.09) | \$ (0.15) | \$ (0.11) | \$ (0.31) |

⁽¹⁾ For the nine months ended September 30, 2025 and 2024, 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, | |
|---------------|----------------------------------|------------|---------------------------------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| 2026 Notes | 3,919,522 | 17,559,686 | — | — |
| 2028 Notes | 87,412,575 | — | 87,412,575 | — |
| RSUs | 10,749,645 | 7,827,861 | 10,749,645 | 7,827,861 |
| Stock Options | 2,540,845 | 3,571,820 | 2,540,845 | 3,571,820 |
| PSUs | 1,465,343 | 2,302,162 | 1,465,343 | 2,302,162 |

For the three and nine months ended September 30, 2025 and 2024, 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) income include cost of sales, total operating expenses, interest expense, interest income, other (income) expense, net, change in fair value of warrant liabilities, foreign currency transaction loss (gain), net, and income tax expense (benefit), 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:

| (in thousands) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------------|----------------------------------|-----------|---------------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Total operating expenses: | | | | |
| Personnel-related expenses | \$ 25,645 | \$ 31,101 | \$ 81,903 | \$ 99,406 |
| Other segment expenses | 26,231 | 31,063 | 82,388 | 91,161 |
| Total operating expenses | \$ 51,876 | \$ 62,164 | \$ 164,291 | \$ 190,567 |

Note 15 — New Accounting Pronouncements

In December 2023, the Financial Standards Accounting Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09 “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on its annual consolidated financial statement disclosures.

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 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 November 2024, the FASB issued 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. ASU 2024-04 is effective for annual periods beginning after December 15, 2025, 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.

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. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early adoption permitted, and should be applied prospectively. The Company is currently evaluating the potential effect that the updated standard will have on its consolidated financial statements and related 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 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.

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, 2025 (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, 2024 filed with the Securities and Exchange Commission (the “SEC”) on March 12, 2025 (the “Annual Report on Form 10-K”).

Important factors, among others, that may affect actual results or outcomes include 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”); costs related to 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 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 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 The Beauty Health Company and its consolidated subsidiaries.

Company Overview

The Beauty Health Company is a medtech meets beauty company that delivers skin health experiences that help consumers reinvent their relationship with their skin, bodies and self-confidence. The Company and its subsidiaries design, develop, manufacture, market, and sell esthetic technologies and products. The Company’s brands are pioneers: Hydrafacial in hydradermabrasion; SkinStylus in nanoneedling and microneedling; and Keravive in scalp health. Together, with its powerful global community of estheticians, partners and consumers, the Company is personalizing skin health for all ages, genders, skin tones, and skin types.

Business and Macroeconomic Conditions

During the three and nine months ended September 30, 2025, we continued to execute against our plan to expand our footprint by selling and placing our patented hydradermabrasion delivery systems (“Delivery Systems”) worldwide, drive consumables, which consist of single-use tips, solutions, serums and other consumables used to provide a Hydrafacial treatment that cleanses, extracts, and hydrates the skin (collectively “Consumables”), invest in our community of providers, partners, and consumers, drive brand awareness, and optimize 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;
- The imposition of tariffs and/or trade restrictions may impact material costs and pricing;
- Disruptions in transportation and other supply chain related constraints, such as labor strife in the transportation industry; 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 adopting to changing circumstances.

China Market

The Company evaluated its global distribution strategy to align its go-to-market strategy with in-market partner capabilities and market opportunity. During the second quarter of 2025, the Company transitioned sales in the China market to a distributor partner, and as a result, the Company has discontinued direct sales to customers in China.

Comparison of Three Months Ended September 30, 2025 to Three Months Ended September 30, 2024

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, 2025 and September 30, 2024, have been derived from the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Amounts and percentages may not foot due to rounding.

| (in millions) | Three Months Ended September 30, | | | |
|---|----------------------------------|----------------|-----------|----------------|
| | 2025 | % of Net Sales | 2024 | % of Net Sales |
| Net sales | \$ 70.7 | 100.0 % | \$ 78.8 | 100.0 % |
| Cost of sales | 25.0 | 35.4 | 38.2 | 48.4 |
| Gross profit | 45.6 | 64.6 | 40.6 | 51.6 |
| Operating expenses | | | | |
| Selling and marketing | 20.9 | 29.6 | 27.6 | 35.0 |
| Research and development | 1.7 | 2.4 | 1.1 | 1.4 |
| General and administrative | 29.3 | 41.4 | 33.4 | 42.4 |
| Total operating expenses | 51.9 | 73.4 | 62.2 | 78.9 |
| Loss from operations | (6.2) | (8.8) | (21.5) | (27.3) |
| Interest expense | 6.3 | 8.9 | 2.5 | 3.1 |
| Interest income | (1.3) | (1.8) | (4.9) | (6.2) |
| Other income, net | (0.6) | (0.9) | (0.1) | (0.1) |
| Change in fair value of warrant liabilities | (0.2) | (0.3) | (0.4) | (0.5) |
| Foreign currency transaction loss (gain), net | 0.2 | 0.2 | (2.3) | (2.9) |
| Loss before provision for income taxes | (10.6) | (15.1) | (16.3) | (20.7) |
| Income tax expense | 0.4 | 0.5 | 1.9 | 2.5 |
| Net loss | \$ (11.0) | (15.6)% | \$ (18.3) | (23.2)% |

Net Sales

| (in millions) | Three Months Ended September 30, | | Change | |
|-------------------------|----------------------------------|---------|----------|---------|
| | 2025 | 2024 | Amount | % |
| Net sales | | | | |
| Delivery Systems | \$ 20.8 | \$ 27.6 | \$ (6.8) | (24.6)% |
| Consumables | 49.8 | 51.2 | (1.4) | (2.6)% |
| Total net sales | \$ 70.7 | \$ 78.8 | \$ (8.1) | (10.3)% |
| Percentage of net sales | | | | |
| Delivery Systems | 29.5% | 35.0% | | |
| Consumables | 70.5% | 65.0% | | |
| Total | 100.0% | 100.0% | | |

Total net sales for the three months ended September 30, 2025 decreased \$8.1 million, or 10.3%, compared to the three months ended September 30, 2024. Delivery Systems net sales for the three months ended September 30, 2025 decreased \$6.8 million, or 24.6%, compared to the three months ended September 30, 2024, 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, 2025 decreased \$1.4 million, or 2.6%, compared to the three months ended September 30, 2024. The slight decrease in Consumables net sales includes declines related to the China transition to a distributor partner. Excluding the impact of the China transition, Consumables net sales increased slightly, with price increases offset by lower volume.

Cost of Sales, Gross Profit, and Gross Margin

| (in millions) | Three Months Ended September 30, | | Change | |
|---------------|----------------------------------|---------|-----------|---------|
| | 2025 | 2024 | Amount | % |
| Cost of sales | \$ 25.0 | \$ 38.2 | \$ (13.1) | (34.4)% |
| Gross profit | \$ 45.6 | \$ 40.6 | \$ 5.0 | 12.3% |
| Gross margin | 64.6 % | 51.6 % | | |

Cost of sales for the three months ended September 30, 2025 decreased \$13.1 million, compared to the three months ended September 30, 2024 primarily due to lower inventory related charges and net sales. Cost of sales for the three months ended September 30, 2024 include approximately \$8 million of manufacturing optimization related costs. Gross margin increased to 64.6% for the three months ended September 30, 2025 from 51.6% for the three months ended September 30, 2024 primarily due to lower inventory related charges and favorable mix shift towards consumable net sales, partially offset by lower average selling price of equipment net sales.

Operating Expenses

Selling and Marketing

| (in millions) | Three Months Ended September 30, | | Change | |
|-------------------------------------|----------------------------------|---------|----------|----------|
| | 2025 | 2024 | Amount | % |
| Selling and marketing | \$ 20.9 | \$ 27.6 | \$ (6.7) | (24.2) % |
| <i>As a percentage of net sales</i> | 29.6 % | 35.0 % | | |

Selling and marketing expense for the three months ended September 30, 2025 decreased \$6.7 million, or 24.2%, compared to the three months ended September 30, 2024. The decrease is primarily driven by lower personnel-related expenses, including share-based compensation expense, and lower depreciation and amortization expense.

Research and Development

| (in millions) | Three Months Ended September 30, | | Change | |
|-------------------------------------|----------------------------------|--------|--------|--------|
| | 2025 | 2024 | Amount | % |
| Research and development | \$ 1.7 | \$ 1.1 | \$ 0.6 | 53.2 % |
| <i>As a percentage of net sales</i> | 2.4 % | 1.4 % | | |

Research and development expense for the three months ended September 30, 2025 increased \$0.6 million, or 53.2%, compared to the three months ended September 30, 2024. The increase is primarily driven by higher other professional services expenses.

General and Administrative

| (in millions) | Three Months Ended September 30, | | Change | |
|-------------------------------------|----------------------------------|---------|----------|----------|
| | 2025 | 2024 | Amount | % |
| General and administrative | \$ 29.3 | \$ 33.4 | \$ (4.2) | (12.5) % |
| <i>As a percentage of net sales</i> | 41.4 % | 42.4 % | | |

General and administrative expense for the three months ended September 30, 2025 decreased \$4.2 million, or 12.5%, compared to the three months ended September 30, 2024. The decrease is primarily driven by lower share-based compensation expense and other general corporate spend, and bad debt recoveries. The decrease was partially offset by higher amortization expense, severance expense, and legal fees.

Interest Expense, Interest Income, Change in Fair Value of Warrant Liabilities, and Other Income, Net

| (in millions) | Three Months Ended September 30, | | Change | |
|---|----------------------------------|----------|----------|---------|
| | 2025 | 2024 | Amount | % |
| Interest expense | \$ 6.3 | \$ 2.5 | \$ 3.8 | 155.7 % |
| Interest income | \$ (1.3) | \$ (4.9) | \$ 3.6 | (74.2)% |
| Change in fair value of warrant liabilities | \$ (0.2) | \$ (0.4) | \$ 0.2 | N/M |
| Other income, net | \$ (0.6) | \$ (0.1) | \$ (0.5) | N/M |
| N/M - Not meaningful | | | | |

Interest expense for the three months ended September 30, 2025 increased \$3.8 million compared to the three months ended September 30, 2024, 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 three months ended September 30, 2025 decreased \$3.6 million compared to the three months ended September 30, 2024 primarily due to lower average invested balances and interest rates during the three months ended September 30, 2025.

Comparison of Nine Months Ended September 30, 2025 to Nine Months Ended September 30, 2024

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, 2025 and September 30, 2024 have been derived from the condensed consolidated financial statements included elsewhere in this Form 10-Q. Amounts and percentages may not foot due to rounding.

| (in millions) | Nine Months Ended September 30, | | | |
|---|---------------------------------|----------------|-----------|----------------|
| | 2025 | % of Net Sales | 2024 | % of Net Sales |
| Net sales | \$ 218.4 | 100.0 % | \$ 250.8 | 100.0 % |
| Cost of sales | 75.1 | 34.4 | 120.8 | 48.2 |
| Gross profit | 143.3 | 65.6 | 130.0 | 51.8 |
| Operating expenses | | | | |
| Selling and marketing | 70.1 | 32.1 | 91.8 | 36.6 |
| Research and development | 3.9 | 1.8 | 5.1 | 2.0 |
| General and administrative | 90.3 | 41.3 | 93.7 | 37.4 |
| Total operating expenses | 164.3 | 75.2 | 190.6 | 76.0 |
| Loss from operations | (21.0) | (9.6) | (60.6) | (24.2) |
| Interest expense | 13.0 | 5.9 | 7.9 | 3.2 |
| Interest income | (7.4) | (3.4) | (14.4) | (5.8) |
| Other income, net | (18.8) | (8.6) | (33.5) | (13.3) |
| Change in fair value of warrant liabilities | (0.3) | (0.2) | (3.0) | (1.2) |
| Foreign currency transaction (gain) loss, net | (6.2) | (2.8) | 0.2 | 0.1 |
| Loss before provision for income taxes | (1.1) | (0.5) | (17.8) | (7.1) |
| Income tax expense | 0.3 | 0.1 | 0.9 | 0.4 |
| Net loss | \$ (1.4) | (0.6)% | \$ (18.8) | (7.5)% |

Net Sales

| (in millions) | Nine Months Ended September 30, | | Change | |
|-------------------------|---------------------------------|----------|-----------|---------|
| | 2025 | 2024 | Amount | % |
| Net sales | | | | |
| Delivery Systems | \$ 63.4 | \$ 98.6 | \$ (35.2) | (35.7)% |
| Consumables | 155.0 | 152.2 | 2.8 | 1.9 % |
| Total net sales | \$ 218.4 | \$ 250.8 | \$ (32.4) | (12.9)% |
| | | | | |
| | Nine Months Ended September 30, | | | |
| | 2025 | 2024 | | |
| Percentage of net sales | | | | |
| Delivery Systems | 29.0% | 39.3% | | |
| Consumables | 71.0% | 60.7% | | |
| Total | 100.0% | 100.0% | | |

Total net sales for the nine months ended September 30, 2025 decreased \$32.4 million, or 12.9%, compared to the nine months ended September 30, 2024. Delivery System net sales for the nine months ended September 30, 2025 decreased \$35.2 million, or 35.7%, compared to the nine months ended September 30, 2024, 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, 2025 increased \$2.8 million, or 1.9%, compared to the nine months ended September 30, 2024. The increase in Consumables net sales was primarily attributable to increased placements of Delivery Systems and the adjoining consumption of Consumables during the nine months ended September 30, 2025.

Cost of Sales, Gross Profit, and Gross Margin

| (in millions) | Nine Months Ended September 30, | | Change | |
|---------------|---------------------------------|----------|-----------|---------|
| | 2025 | 2024 | Amount | % |
| Cost of sales | \$ 75.1 | \$ 120.8 | \$ (45.8) | (37.9)% |
| Gross profit | \$ 143.3 | \$ 130.0 | \$ 13.4 | 10.3% |
| Gross margin | 65.6 % | 51.8 % | | |

Cost of sales for the nine months ended September 30, 2025 decreased \$45.8 million, compared to the nine months ended September 30, 2024 primarily due to lower inventory related charges and net sales. Cost of sales for the nine months ended September 30, 2024 include \$22.7 million of inventory charges for discontinued, excess, obsolete inventory, including the write-down of Delivery System inventory to its net realizable value and the write-off of excess raw materials and approximately \$8 million of manufacturing optimization related costs. Gross margin increased to 65.6% for the nine months ended September 30, 2025 from 51.8% for the nine months ended September 30, 2024 primarily due to lower inventory related charges and favorable mix shift towards consumable net sales, partially offset by lower average selling price of equipment net sales.

Operating Expenses

Selling and Marketing

| (in millions) | Nine Months Ended September 30, | | Change | |
|-------------------------------------|---------------------------------|---------|-----------|----------|
| | 2025 | 2024 | Amount | % |
| Selling and marketing | \$ 70.1 | \$ 91.8 | \$ (21.7) | (23.7) % |
| <i>As a percentage of net sales</i> | 32.1 % | 36.6 % | | |

Selling and marketing expense for the nine months ended September 30, 2025 decreased \$21.7 million, or 23.7%, compared to the nine months ended September 30, 2024. The decrease is primarily driven by lower personnel-related expenses, including share-based compensation expense and sales commission expense, and lower marketing related spend and depreciation and amortization expense.

Research and Development

| (in millions) | Nine Months Ended September 30, | | Change | |
|-------------------------------------|---------------------------------|--------|----------|----------|
| | 2025 | 2024 | Amount | % |
| Research and development | \$ 3.9 | \$ 5.1 | \$ (1.1) | (22.2) % |
| <i>As a percentage of net sales</i> | 1.8 % | 2.0 % | | |

Research and development expense for the nine months ended September 30, 2025 decreased \$1.1 million, or 22.2%, compared to the nine months ended September 30, 2024. The decrease is primarily driven by lower personnel-related expenses, partially offset by higher other professional services expenses.

General and Administrative

| (in millions) | Nine Months Ended September 30, | | Change | |
|-------------------------------------|---------------------------------|---------|----------|---------|
| | 2025 | 2024 | Amount | % |
| General and administrative | \$ 90.3 | \$ 93.7 | \$ (3.4) | (3.7) % |
| <i>As a percentage of net sales</i> | 41.3 % | 37.4 % | | |

General and administrative expense for the nine months ended September 30, 2025 decreased \$3.4 million, or 3.7%, compared to the nine months ended September 30, 2024. The decrease is primarily driven by lower share-based compensation expense, depreciation expense, and other general corporate spend, and bad debt recoveries. The decrease is partially offset by higher legal fees, amortization expense, and severance expense.

Interest Expense, Interest Income, Change in Fair Value of Warrant Liabilities, and Other Income, Net

| (in millions) | Nine Months Ended September 30, | | Change | |
|---|---------------------------------|-----------|---------|----------|
| | 2025 | 2024 | Amount | % |
| Interest expense | \$ 13.0 | \$ 7.9 | \$ 5.0 | 63.0 % |
| Interest income | \$ (7.4) | \$ (14.4) | \$ 7.0 | (48.4) % |
| Change in fair value of warrant liabilities | \$ (0.3) | \$ (3.0) | \$ 2.6 | N/M |
| Other income, net | \$ (18.8) | \$ (33.5) | \$ 14.7 | (43.8) % |
| N/M - Not meaningful | | | | |

Interest expense for the nine months ended September 30, 2025 increased \$5.0 million compared to the nine months ended September 30, 2024, 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, 2025 decreased \$7.0 million compared to the nine months ended September 30, 2024 primarily due to lower average invested balances and interest rates during the nine months ended September 30, 2025.

During the nine months ended September 30, 2025, the Company recognized income of \$0.3 million related to the change in the fair value of the warrant liabilities, as compared to income of \$3.0 million for the nine months ended September 30, 2024, driven primarily by the fluctuation of the price of the Company's Class A common stock, par value \$0.0001 per share (the "Class A Common Stock")

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. Other income, net for the nine months ended September 30, 2024 included \$33.4 million net gain related to the repurchases of the 2026 Notes.

Liquidity and Capital Resources

Our primary sources of capital have been (i) cash flow from operating activities, (ii) net proceeds received from the consummation of the Business Combination, (iii) net proceeds received from the 2026 Notes, and (iv) net proceeds received from the exercise of public and private placement warrants. As of September 30, 2025, we had cash, cash equivalents, and restricted cash of \$219.4 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 Notes - 2026

On September 14, 2021, the Company issued an aggregate of \$750.0 million in principal amount of its 2026 Notes. The 2026 Notes were issued pursuant to, and are 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, 2024, there were no repurchases related to the 2026 Notes. During the nine months ended September 30, 2024, the Company repurchased \$192.3 million principal amount of the 2026 Notes for \$156.1 million and recognized a net gain of \$33.4 million, which includes \$2.8 million of unamortized debt issuance costs related to the repurchase.

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

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 (the "Existing Notes"). Pursuant to the Exchange Agreements, the Company exchanged and repurchased \$413.2 million aggregate principal amount of the Existing Notes. Of the \$413.2 million aggregate principal amount of the Existing 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 \$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. The Company incurred \$11.4 million of debt issuance costs related to the exchange and repurchase of its Existing Notes which are being amortized over the term of the 2028 Notes using the effective interest method.

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 (the "2028 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.

The 2028 Notes are the Company's senior, secured obligations and are guaranteed by certain of the Company's subsidiaries (including the Company's material domestic, wholly-owned subsidiaries) and are secured on a first-priority basis by substantially all assets of the Company and such guarantors, subject to certain exceptions. The 2028 Indenture also contains a number of restrictive covenants and limitations, including restrictions on the Company's ability to incur certain indebtedness

and other limitations on liens, investments and restricted payments, as further described in the 2028 Indenture. For more information, see Part I, Item 1 “Financial Statements — Note 5 - “Long-term Debt” in this Quarterly Report on Form 10-Q.

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

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. 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. Macroeconomic challenges and credit conditions have negatively impacted our revenues in 2025. 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.

Cash Flows

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

| (Dollars in millions) | Nine Months Ended September 30, | |
|--|--|-------------|
| | 2025 | 2024 |
| Cash, cash equivalents, and restricted cash at beginning of period | \$ 370.1 | \$ 523.0 |
| Operating activities: | | |
| Net loss | (1.4) | (18.8) |
| Non-cash adjustments | 21.2 | 51.6 |
| Changes in working capital | 2.5 | (33.2) |
| Net cash provided by (used for) operating activities | 22.3 | (0.3) |
| Net cash used for investing activities | (3.8) | (5.9) |
| Net cash used for financing activities | (174.4) | (157.6) |
| Net change in cash, cash equivalents, and restricted cash | (155.9) | (163.8) |
| Effect of foreign currency translation | 5.2 | (0.3) |
| Cash, cash equivalents, and restricted cash at end of period | \$ 219.4 | \$ 358.9 |

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2025 was \$22.3 million, as compared to net cash used for operating activities of \$0.3 million for the nine months ended September 30, 2024. The change in cash provided by operating activities was primarily related to lower working capital usage and changes in net loss and non-cash adjustments. The current year net loss and non-cash adjustments include \$18.1 million of net gain related to the exchange and repurchases of the 2026 Notes. The prior year net loss and non-cash adjustments include \$33.4 million of net gain related to the repurchases of the 2026 Notes and the prior year changes in working capital includes the impact of the costs associated with the Syndeo Program of \$21.0 million.

Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2025 was \$3.8 million, as compared to \$5.9 million for the nine months ended September 30, 2024. The change in cash used for investing activities was due to lower capital expenditures during the nine months ended September 30, 2025.

Financing Activities

Net cash used for financing activities for the nine months ended September 30, 2025 was \$174.4 million, as compared to \$157.6 million for the nine months ended September 30, 2024. 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. The cash used for financing activities for the nine months ended September 30, 2024 was primarily related to the 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, 2024.

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, 2024.

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 15-d-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, as a result of the material weakness in our internal control over financial reporting related to the Company's inventory process as described in Part II, Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2024, the Company's disclosure controls and procedures were not effective as of September 30, 2025.

Remediation Plan for Material Weakness

The Company, with oversight from our Audit Committee, has made progress on its remediation plan specific to the material weakness, with the completion of the following remediation activities as of September 30, 2025:

- The Company appointed new individuals in key roles including the Chief Supply Chain and Operations Officer and other operational leadership roles;
- Enhanced training and operational guidelines resulting in the successful completion of the Company's annual physical inventory counts; and
- Designed and implemented controls with regards to excess and obsolete inventory and inventory pricing and purchase arrangements.

The Company has implemented the remediation steps detailed above; however, the Company is unable to conclude that these controls are operating effectively until the applicable controls operate for a sufficient period of time and are subject to testing to conclude that remediation has been achieved. The Company anticipates that remediation activities will be completed during fiscal year 2025.

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, 2025 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 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. Hydrafacial expects the hearing for this appeal to be scheduled in the later half of 2026.

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 has 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 has 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 initial determination has been certified to the Commission and it is expected to issue a final determination by the end of 2025.

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 has been stayed pending resolution of the ITC Cartessa Matter and there will be no activity until the conclusion of the ITC Cartessa Matter. After conclusion of the ITC Cartessa Matter, Hydrafacial plans to reopen the Second Cartessa Case to seek monetary damages and plans to vigorously pursue its claims against Cartessa.

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, Sinclair and 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. The only IPR proceedings still pending against Hydrafacial are the three Sinclair and AMP IPRs (IPR2025-00145, IPR2025-01169, and IPR2025-01217). These remaining IPR proceedings are in their early stages, with one being instituted in June 2025, and the others still awaiting institution decisions that are expected to come in the first half of 2026. Hydrafacial plans to vigorously defend its patents against each of these challenges.

Medicreations LLC

On May 6, 2024, Hydrafacial filed a complaint against Medicreations LLC (“Medicreations”) in the United States District Court for Nevada, Case Number 2:24-cv-00855 (the “Medicreations Case”), for patent infringement arising from Medicreations’ sale of hydrodermabrasion systems that Hydrafacial alleged to have infringed twelve of Hydrafacial’s patents. On July 26, 2024, Medicreations filed a motion to dismiss the complaint. On March 3, 2025, the court issued an order dismissing a few of Hydrafacial’s claims to specific remedies, but the majority of the case and claims will move forward. On May 13, 2025, Hydrafacial filed a Motion for Preliminary Injunction that was denied in October 2025. The Medicreations Case is proceeding through discovery with depositions being scheduled. Hydrafacial is seeking monetary damages and plans to vigorously pursue its claims against Medicreations.

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 in the Sinclair Case. This case is now proceeding into the discovery phase. Hydrafacial will seek monetary damages and plans to 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 has not yet issued an order. 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, but a hearing has not been scheduled for this motion yet. 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.

Luvo Medical Technologies Inc

On August 16, 2024, Hydrafacial filed a complaint against Luvo Medical Technologies Inc ("Luvo"), Healthcare Markets, Inc ("Healthcare Markets"), and their foreign manufacturer Eunsung in the United States District Court of Utah, Case No. 2:24-cv-00587 (the "Luvo Case"), for patent infringement arising from Healthcare Markets' sale of Luvo's hydrodermabrasion systems that Hydrafacial alleged to have infringed five of Hydrafacial's patents on its device. The Luvo Case was stayed due to the corresponding ITC Luvo Matter, but pursuant to the ITC settlement agreement, the parties filed a consent judgment in the Luvo Case that terminated the case as to Luvo and Healthcare Markets. This case continued against Eunsung until the parties achieved a settlement in July 2025, wherein Eunsung agreed to a consent judgment as well. As a result, the Luvo Case has been dismissed.

On August 7, 2024, Hydrafacial filed a complaint against Luvo, its distributor Healthcare Markets, Medical Purchasing Resource, eMIRAmEd, and its manufacturer, MIRAmEdtech, in the United States International Trade Commission. A Notice of Institution of Investigation was issued on September 16, 2024, and the investigation was assigned investigation number 337-TA-1417 (the "ITC Luvo Matter"). In the ITC Luvo Matter, Hydrafacial has asserted that Luvo, Healthcare Markets, Medical Purchasing Resource, and eMIRAmEd USA, LLC ("eMIRAmEd") infringe Hydrafacial's U.S. Patent No. 11,446,477, which is not asserted in the ITC Cartessa Matter or ITC Sinclair Matter, and relates to hydrodermabrasion systems. After a mediation between the parties, on March 17, 2025, Hydrafacial signed a settlement agreement with Luvo and Healthcare Markets. As a result, the ITC has terminated the investigation as to Luvo and Healthcare Markets, and issued default judgment against the remaining respondents.

eMIRAmEd USA, LLC

On August 26, 2024, Hydrafacial filed a complaint against eMIRAmEd USA, LLC ("eMIRAmEd"), and its manufacturer MIRAmEdtech UG ("MIRAmEdtech"), in the United States District Court for the Central District of California, Case No. 2:24-cv-01865 (the "eMIRAmEd Case"), for patent infringement arising from eMIRAmEd's sale of hydrodermabrasion systems that Hydrafacial alleged to have infringed five of Hydrafacial's patents on its device. Hydrafacial is seeking monetary damages and plans to vigorously pursue its claims against eMIRAmEd and MIRAmEdtech. On January 22, 2025, Hydrafacial moved for default judgment against eMIRAmEd and MIRAmEdtech. On January 30, 2025, eMIRAmEd filed notice of Chapter 7 bankruptcy. On March 21, 2025, the court granted default judgment against MIRAmEdtech but denied default judgment against eMIRAmEd due to its bankruptcy filing. As a result, the eMIRAmEd Case has been closed.

Med Spa Essentials, LLC

On March 6, 2025, Hydrafacial filed a complaint against Med Spa Essentials, LLC (“MS Essentials”) in the United States District Court for the Central District of California, Case No. 2:25-cv-01994 (the “MS Essentials Case”), for trademark infringement, false designation of origin, unfair competition, tortious interference, and other causes of action relating to Hydrafacial’s trademark rights. Before filing any response to the complaint, MS Essentials agreed to shut down its business and stop all unlawful acts alleged in the complaint. The parties entered into a settlement agreement and filed a consent judgment, dismissing this case in July 2025.

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. The Candela Case is in its early stages of discovery and Hydrafacial is seeking monetary damages and plans to vigorously pursue its claims against Candela and Termosalud.

BQ Aesthetic & Co., LLC

On June 24, 2025, Hydrafacial filed a complaint against BQ Aesthetic & 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. The Bellatrix Case is in its early stages of discovery and Hydrafacial is seeking monetary damages and plans to vigorously pursue its claims against Bellatrix.

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 “Defendants”). 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”), asserts 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 (First Claim), and violation of Section 20(a) of the Exchange Act against the individual defendants (Second Claim). The complaint alleges 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’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 includes 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 Martjn Dijkgraaf (the “Dijkgraafs”), and Joseph Jou filed three competing motions for appointment as lead plaintiff under the Private Securities Litigation Reform Act (“PSLRA”), 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. The Securities Class Action case is assigned to U.S. District Judge Sherilyn Peace Garnett. On September 30, 2024, the Company filed a motion to dismiss the consolidated amended class action complaint in its entirety. Plaintiffs filed their opposition brief on November 22, 2024, and the Company filed its 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 refile and to briefly stay proceedings so that the parties can complete a private mediation. The parties conducted the private mediation on March 27, 2025. The parties were unable to reach a settlement at the mediation. On April 16, 2025, the court so-ordered the parties’ stipulation. On May 5, 2025, the plaintiffs filed an amended complaint. On July 11, 2025, Defendants filed a motion to dismiss the amended complaint 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. Defendants’ answer to the amended complaint is due November 24, 2025.

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

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 against Hydrafacial LLC d/b/a The Hydrafacial Company and The Beauty Health Company (collectively, 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”). The case is captioned Jason Davalos, Sonia Davalos, Sol Tan Tanning & Spa LLC, on behalf of themselves and all others similarly situated v. Hydrafacial LLC dba The Hydrafacial Company, and The Beauty Health Company, Case No. 24-cv-8073 (S.D.N.Y.) (Caproni, J.) The complaint alleges 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 purport to bring claims on behalf of themselves, and all other similarly situated purchasers within the United States, of Class Action Defendants’ Syndeo machines. The complaint asserts five causes of action: (1) violations of N.Y. G.B.L., § 349, the state consumer production 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 in the complaint includes 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 Customer Class Action 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 Danilov 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 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 and fifteen other alleged purchasers of the Syndeo machines filed an 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 includes 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 June 23, 2025, 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 Jennifer Skuratov d/b/a Spa Thirsty in full; (iv) dismiss all claims against the Company in full; and (v) dismiss Plaintiffs’ claim for injunctive relief. The parties are currently engaged in discovery while they await the Court’s ruling on Defendants’ partial motion to dismiss.

The Company believes that the claims asserted in the Customer Class Action have no merit and Class Action Defendants intend 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 Company's 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 current members of the Company's 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. Although oral argument before the Delaware Court of Chancery on the Motion to Dismiss is scheduled for January 7, 2026, the parties held a mediation on November 4, 2025 and have reached agreement on certain terms of a mutually agreeable resolution. However, the settlement discussions are ongoing and any final resolution is subject to the parties' execution of a final settlement agreement and the Delaware Court of Chancery's approval.

The Company believes that the claims asserted in the Consolidated Derivative Action have no merit and intends to vigorously defend them.

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 information related to its investigation. The Company is in the process of responding to the subpoenas and intends 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.

The terms of our 2028 Notes contains certain restrictive covenants which may restrict our current and future operations.

The 2028 Indenture governing the 2028 Notes contains certain restrictive covenants including, but not limited to, restricting our ability to raise additional capital through debt financing, certain transactions involving the assets of guarantors, limitations on certain transaction types, including but not limited to, the ability to incur certain indebtedness, liens, investments and restricted payments, mergers, acquisitions, and dividends and/or repurchases of the Company's Class A Common Stock. These covenants may restrict our current and future operations, particularly our ability to respond to certain changes in our business or industry, or take future actions. Furthermore, a failure to satisfy these covenants would constitute an event of default under the 2028 Notes.

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

Unregistered Sales of Equity Securities

During the three months ended September 30, 2025, 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, 2025, 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, 2025, 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 | Second Amended and Restated Certificate of Incorporation of The Beauty Health Company | 8-K | 001-39565 | 3.1 | May 10, 2021 | |
| 3.2 | Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of The Beauty Health Company | 8-K | 001-39565 | 3.1 | June 11, 2024 | |
| 3.3 | Second Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of The Beauty Health Company | 8-K | 001-39565 | 3.2 | June 11, 2024 | |
| 3.4 | Certificate of Correction to Second Amended and Restated Certificate of Incorporation of The Beauty Health Company | 8-K | 001-39565 | 3.1 | August 1, 2025 | |
| 3.5 | Amended and Restated Bylaws of The Beauty Health Company | 8-K | 001-39565 | 3.2 | May 10, 2021 | |
| 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 | |
| 4.7 | Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 | 10-K | 001-39565 | 4.4 | March 12, 2025 | |
| 10.1 | Employment Agreement with Pedro Malha, dated September 29, 2025 | 8-K | 001-39565 | 10.1 | September 30, 2025 | |
| 10.2 | Form of Indemnification Agreement (incorporated by reference to Exhibit 10.13 to the Company's Current Report on Form 8-K filed on May 10, 2021) | 8-K | 001-39565 | 10.2 | September 30, 2025 | |
| 10.3 | Separation Agreement, by and between The Beauty Health Company and Marla Beck, dated October 13, 2025 | 8-K | 001-39565 | 10.1 | October 17, 2025 | |

EXHIBIT INDEX

| No. | Description of Exhibit | Form | File No. | Exhibit | Filing Date | Filed Herewith |
|-----------------------|--|------|-----------|---------|------------------|----------------|
| 10.4 | General Release of all Claims, by and between The Beauty Health Company and Marla Beck, dated October 10, 2025 | 8-K | 001-39565 | 10.2 | October 17, 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 |
| 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.

THE BEAUTY HEALTH COMPANY

Date: November 6, 2025

By: /s/ Pedro Malha

Name: Pedro Malha
Title: Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2025

By: /s/ Michael Monahan

Name: Michael Monahan
Title: Chief Financial Officer
(Principal Accounting Officer and Financial Officer)

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 The Beauty Health Company;
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 6, 2025

/s/ Pedro Malha
Pedro Malha
Chief Executive Officer
(Principal Executive Officer)

**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 The Beauty Health Company;
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 6, 2025

/s/ Michael Monahan

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

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 The Beauty Health Company (the "Company") on Form 10-Q for the quarterly period ended September 30, 2025, 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 6, 2025

/s/ Pedro Malha
Pedro Malha
Chief Executive Officer
(Principal Executive Officer)

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 The Beauty Health Company (the "Company") on Form 10-Q for the quarterly period ended September 30, 2025, as filed with the Securities and Exchange Commission (the "Report"), I, Michael Monahan, Chief Financial 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 6, 2025

/s/ Michael Monahan
Michael Monahan
Chief Financial Officer
(Principal Accounting and Financial Officer)

