

SKYTALE + GUIDEPOINT QSIGHT PRESENT

Defining the Future of Aesthetics: A Market Coming of Age

An in-depth look at how evolving patient preferences, consolidation, and innovation are shaping the long-term trajectory of the U.S. medical aesthetics market.

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 **SKYTALE**

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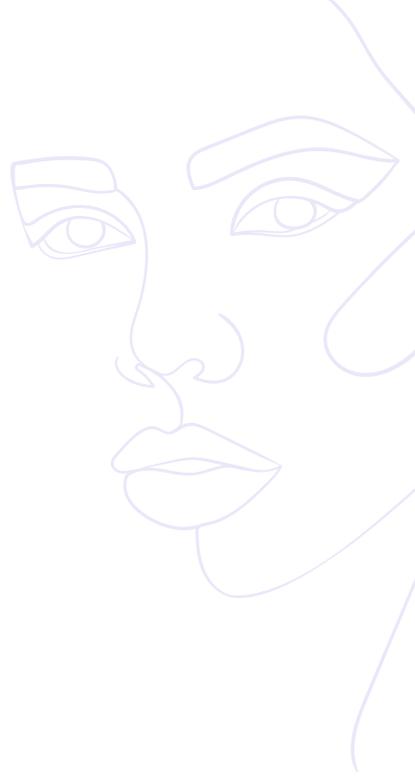
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INTRODUCTION

Guiding the Next Phase of Aesthetics Industry Growth

The medical aesthetics industry continues to develop in its maturity and adoption of data-driven analysis and market-aware decision-making. Qsight and Skytale have partnered to share their research, analysis, and experience in medical aesthetics, offering our combined expertise and insights to help guide the industry through its next phase of growth.

Skytale brings years of expertise and relationships in offering investment banking, management consulting, and private capital solutions. Qsight specializes in providing comprehensive data solutions for the medical aesthetics, MedTech, and financial services industries. Together, we are proud to present this whitepaper containing our exclusive and original perspectives on the state of the medical aesthetics industry.



INTRODUCTION

About Skytale

Skytale is a leading investment banking, management consulting, and private capital solutions firm offering strategic and advisory services to healthcare and consumer businesses nationwide. Skytale Investment Banking consists of licensed investment bankers who have extensive experience in mergers and acquisitions, while Skytale Management Consulting provides services centered on evidence-based strategy to grow healthcare organizations, and private capital advisory capabilities within healthcare. In the aesthetics space alone, Skytale has completed over 20 transactions since 2022, and Skytale Capital has invested

in 4 medical aesthetic organizations since 2024.

Founded in 2018 and headquartered in Dallas, Texas, Skytale has a national presence providing guidance and perspective to clients across multiple healthcare specialties. Skytale appreciates what their clients are building and is dedicated to becoming a trusted partner by delivering tailored solutions designed to bring value to each organization's vision.

Skytale's team of investment and financial advisors and C-level executives have decades of hands-on experience and are equipped to guide businesses to the next level. Using the intersection of business intelligence and client personal goals, their team can help guide businesses owners to meet their ambitions and goals.



INTRODUCTION

About Qsight

Guidepoint Qsight is the premier provider of data, insights, and analytics for stakeholders in the medical aesthetics and MedTech industries, including leading institutional investors, manufacturers, and service providers. Founded as Quanton Data and acquired by Guidepoint in 2016, Qsight's offerings provide insights into usage, purchasing patterns, and consumer behavior in some of the most dynamic markets in these industries.

Backed by Qsight's team of data scientists, data engineers, and industry experts, our solutions are trusted by some of the largest corporations in medical aesthetics, MedTech,

and financial services. For the medical aesthetics industry, our proprietary data assets enable unparalleled insights into a range of topics including transaction-level patient purchasing behaviors, expert aesthetics opinions collected from hundreds of practitioners across the world, and full market sizing of the entire U.S. aesthetics industry.

Qsight is a division of Guidepoint, a global expert network that connects clients with industry professionals, subject matter experts, and thought leaders across various sectors and disciplines. Guidepoint's expansive network, consisting of over one million experts worldwide, provides strategic guidance and decision-making support to clients in order to drive business success.

Data Sources/Solutions

This whitepaper is supported by the following Skytale + Qsight resources:

Pitchbook: Pitchbook provides capital market data and intelligence solutions that help understand current market conditions and transaction details.

Skytale Internal Practice Data: Skytale has gathered a significant amount of internal aesthetic data over the last 7 years that it has consolidated to analyze to provide industry benchmarks and trends.

Qsight Market View: Comprehensive data intelligence solution offering real-time, macro-level market projections, trends, and insights for the aesthetics industry, aiding strategic business and investment decisions.

Qsight Sales Measurement: Proprietary database offering real-time tracking of patient spending at aesthetics practices and med spas, enabling insights into market trends, brand performance, and patient behavior.

Qsight Practitioner Tracker: Proprietary, survey-based solution offering in-depth insights into the behaviors and opinions of aesthetics practitioners across 10 countries, revealing patient and practitioner sentiment, market drivers, opportunities and risks, and competitive trends.

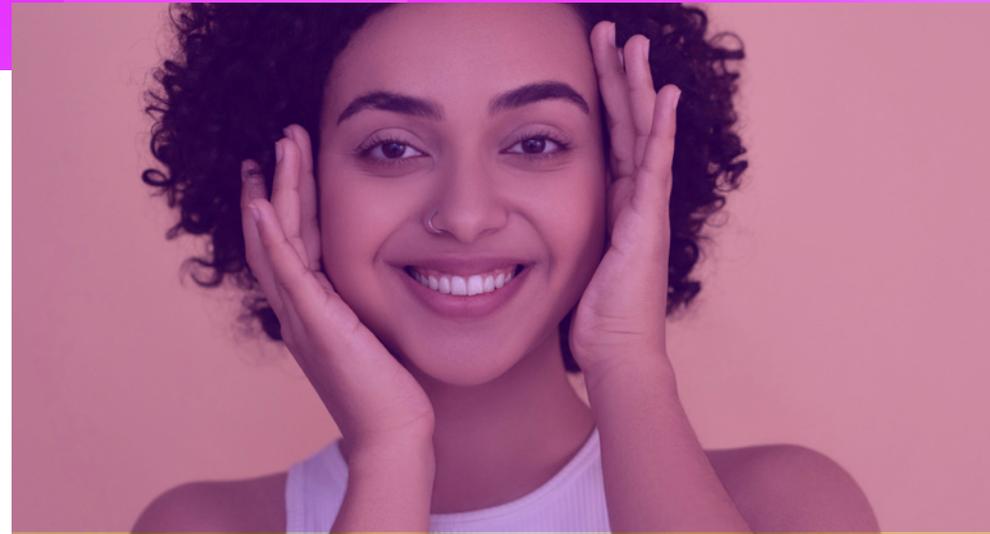
Qsight Prospector: Extensive database of U.S. aesthetic practices, providing detailed information on locations, contacts, and services, enabling targeted sales strategies and competitive market analysis.

Qsight Social Intelligence: Live database tracking social media activity from practitioners and practices in the U.S. medical aesthetics industry, providing real-time insights including engagement volumes over time and brand visibility through share of voice (SOV).

Qsight data has become a critical resource for our organization. It informs how we measure our performance in the market and provides the strategic clarity we need to shape our go-to-market decisions.

— Chief Marketing Officer, Medical Aesthetic Manufacturer

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INTRODUCTION

Executive Summary

The U.S. medical aesthetics industry has begun to transition from rapid post-pandemic expansion into a phase of maturity. Total non-surgical patient spending in 2024 grew 5% year-over-year, with legacy categories like neurotoxins continuing to support growth. Meanwhile, other major treatment categories like dermal fillers and body contouring have faced challenges, but emerging segments like biostimulatory injectables and medical weight loss demonstrate that patient demand is shifting, not falling. At a practice level,

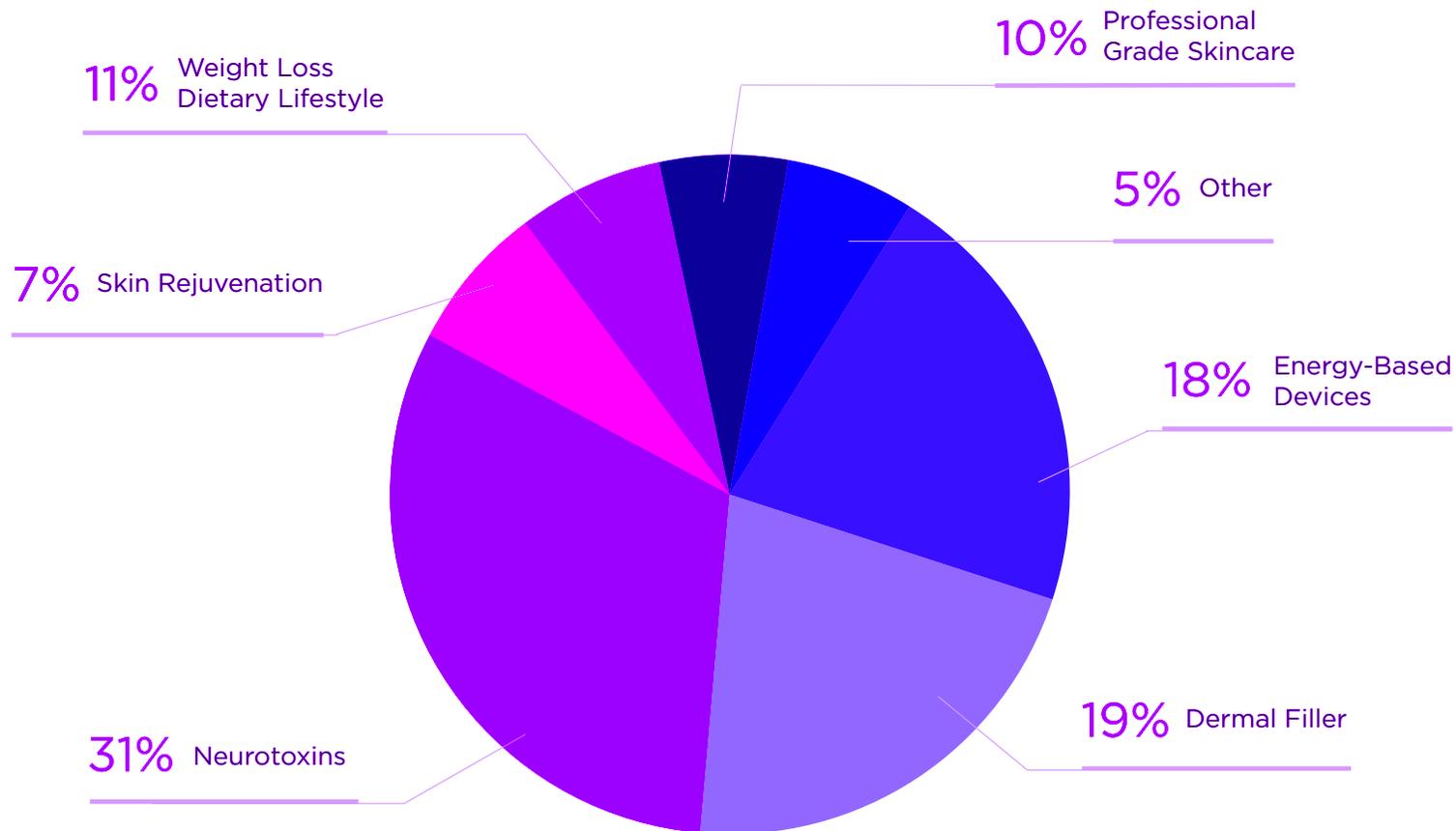
the industry is experiencing a new set of operational challenges, including a shortage of clinical talent and competition driven by consolidation and increasingly sophisticated operating models. The era of fast growth driven by quick geographic expansion is fading; winners in the next phase of the industry will be defined by their ability to run quality business models that drive sustainable patient revenue while keeping costs low.



State of the Overall Aesthetics Industry

The U.S. aesthetics industry experienced moderate growth in 2024, growing 5% year-over-year from 2023, bringing total U.S. non-surgical spending to \$20.5 billion. This follows a pattern of growth since the market contraction in 2020. Growth rates have fallen each year since 2021, when the industry achieved year-over-year growth of 50%, indicating a stabilization and maturation within aesthetics. On an absolute basis, the industry grew just under \$1 billion dollars last year, reflecting continued opportunities for both new and established players in the market.

Share of U.S. Non-Surgical Medical Aesthetics Patient Spending (2024)



Source: Qsight Market View



Growth, however, is not equally distributed through the market, and certain segments saw more growth than others. Neurotoxins, the largest among non-surgical aesthetics categories, continued to demonstrate growth overall (+8%), while other legacy categories like Dermal Fillers and Energy-Based Devices saw more mixed performance. Decelerating growth at the industry level has precipitated a phase of structural maturation for practices, characterized by increasingly disciplined capital deployment and a shift toward achieving operational excellence over rapid expansion. Consolidation platforms and private equity are expected to continue playing a big part in driving integration and value creation, setting the stage for a phase of the industry that will be defined by quality over quantity.



STATE OF THE OVERALL AESTHETICS INDUSTRY

Key Aesthetics Highlights

Skilled Workers

Consumer demand for aesthetic treatments continues to grow, yet, as in prior years, the availability of qualified clinical talent has not kept pace. The result is a widening gap between market growth and provider supply; particularly for experienced injectors, RNs, NPs, PAs, and licensed estheticians. This imbalance has created operational and financial risk for investors, and strategic opportunities for business owners and businesses who can attract, train, and retain providers.

Workforce scarcity has driven several sector trends:

- Rising wage pressure and competition for clinical talent, extending time-to-hire and increasing dependency on internal training pipelines, with buyers and investors placing an emphasis on diligence relating to provider diversification, provider turnover and retention, and training infrastructure



- Growth of in-house academies and third-party training platforms, which are increasingly viewed as strategic assets rather than cost centers; structured training and clinician development also drive faster ramp times and ensure consistency across providers, which reduces key man risk and increases patient retention
- Investable training platforms emerging as standalone businesses, with premium valuation potential due to the predictable, recurring pipeline of providers they generate
- Operational resilience tied to people strategy, with buyers and investors focusing on provider diversification, turnover and retention, and training infrastructure during due diligence activities

Simultaneously, physician migration into aesthetics continues to accelerate. Many clinicians are exiting

traditional healthcare environments due to administrative burden, declining reimbursement, and burnout. Medical aesthetics offers a compelling alternative due to:

- Cash-pay economics as opposed to medical insurance and reimbursement risk
- Strong margin potential for owners and increased autonomy
- A consumer-driven model with flexible care delivery

This combination of rising patient demand, constrained talent supply, and accelerating clinician migration is reshaping competitive dynamics. Med spa operators who institutionalize talent acquisition, training, retention, and incentives are increasingly differentiated in both operational performance and exit valuation.



Valuations

Valuation visibility in medical aesthetics has become much clearer over the past couple of years. Where previously benchmarks were limited by a small sample, the market now has multiple years of transaction data, more established platforms, and platform exits. Although value dispersion remains wide, the industry has moved past its “value discovery” phase and entered a period of clearer stratification between premium and average assets.

Key market dynamics shaping valuation today include:

- More platform recapitalizations reaching liquidity windows: many 2020–2022 vintage platforms have recapitalized or are actively preparing for exit processes, generating additional middle-market valuation benchmarks
- Increased consolidation but heightened selectivity; strong sponsor appetite paired with stricter diligence; premium values flowing to groups with provider diversification, same-store growth, strong retention, and repeatable unit economics; for multi-location targets, integration across tech stack, operating processes, and training is critical
- Multiple normalization: valuation multiples that expanded aggressively in 2021–2022 have leveled off in the past year. We believe this can be attributed to macro-economic factors, such as a higher interest rate environment leading to sector-specific emphasis on medical aesthetic business fundamentals and risk mitigation, as well as attractive provider diversification, revenue diversification, and good margin control



- Widening valuation gap: Skytale is seeing premium assets command multiples and valuations that are 30-100% higher than undifferentiated peers, driven by factors such as:
 - o Clinician stability, retention, and training infrastructure
 - o Membership / subscription revenue penetration
 - o Geographic density and brand defensibility
 - o Data quality, marketing efficiency, and patient retention

As platforms reach the end of their initial hold periods, the market is now differentiating between groups that

merely aggregate locations and those that build truly integrated platforms. Investors are rewarding the latter category with stronger interest and valuations. This trend is also emerging in the lower market, reflected in structured outcomes by way of structured outcomes that include meaningful valuations, rollover equity, and second bite of the apple potential for founders.

The sector is now entering its next maturation phase: from extremely rapid consolidation to more disciplined consolidation with a focus on value creation.

Active Consolidation

Skytale expects industry consolidation to continue and estimates total consolidation of approximately 10% over the next 4-5 years. M&A activity in 2026 should accelerate in a more rate friendly environment with a significant amount of dry powder on the sidelines, and early signs point to increased activity across the market.

As expected, Skytale has seen more private equity groups create platforms via investment in the last 1 to 2 years. Meanwhile, some platforms that have existed for 4 plus years have sold to middle market PE funds and others preparing to go to market in the coming year. Still in the early days of platforms, we are now in active consolidation. While the industry remains highly fragmented, strategic consolidation has accelerated with transaction volume highly driven by regional or national platforms, with new platforms regularly coming online.

Key consolidation trends:

- Increased focus on integration: the highest-value groups are no longer simply acquiring locations; they are centralizing marketing, clinical and operational protocols, data and tech systems, and provider training to drive margin expansion and same-store growth

- Regional focus remains strong as groups prioritize contiguous market clusters that enable market dominance, marketing efficiency, and centralized leadership
- Middle market institutional capital: several early 2020 platforms have either recapitalized or are now pursuing recapitalizations, continuation funds, or new majority sponsors, signaling the industry's wave of true "second chapter" private equity ownership
- Provider and scale scarcity: a key consolidation value driver is a business's ability to attract and retain clinical talent (recruiting, training, and retention) as well as a business's ability to scale. A business that can grow to a certain scale and is able to solve for provider challenges in our space can command valuation premiums

The above trends in consolidation have resulted in entrepreneurial operators adapting quickly, contributing to increased sophistication in the space. Like other healthcare subsectors in previous decades, founders now recognize that value creation is less about "adding locations" and more about organization-building; from executive leadership, scalable systems, brand defensibility, provider diversification, and operating leverage. Founders who invest in clinical talent, operations, and true multi-unit businesses are transacting at industry-leading valuations.



**Current platforms include,
but are not limited to:**

- Advanced MedAesthetic Partners
- Aesthetic Partners
- Alpha Aesthetics Partners
- Annie Aesthetic
- AYA Medical Spa
- Cosmetic Physician Partners
- Cosmetic Skin & Laser Center
- Empower Aesthetics
- Formula Wellness
- Kalon Aesthetics
- MedSpa Partners
- Princeton Medspa Partners
- The Aesthetic Syndicate
- United Aesthetics Alliance
- Well Labs+ Medspa Partners

Competition

Competition continues to rise, with store openings outpacing industry growth. This continued intensification of competition is due to several factors, including consumer demand continuing to increase coupled with relatively low barriers to entry for new med spas. The talent shortage has led many skilled injectors to consider opening up their own med spas or to negotiate ownership in their current med spa.

Similarly, established businesses are expanding through multi-site growth by way of de novo buildouts or acquisitions. The combination of the high number of new med spas entering the space, paired with rising consolidation and sophistication from larger practices or groups, has resulted in a crowded and highly competitive landscape for lower-producing businesses.



STATE OF THE AESTHETICS INDUSTRY

By Segment

Neurotoxins

Total neurotoxin patient spend in 2025 through Q2 was \$3.3 billion, representing a 7% increase over the same period in the previous year, considerably outpacing the non-surgical aesthetics market overall, which grew at only 4% in the same period.

Total neurotoxin patient spend in 2024 reached \$6.4 billion, an 8% increase over 2023. This growth rate was somewhat stronger than the market overall (excluding surgery), which grew at about 5% in the same period.

Neurotoxin is by far the largest segment of the market, a fact which has not changed in the past few years, especially as the next-largest segments, Dermal Fillers and Energy-Based Devices, continue to underperform the market overall. However, despite Neurotoxin's continued dominance in the last few years, there have been shifts within the market. Though Botox continues to drive over half of all patient spending on neurotoxins, its market share has fallen as new entrants like Daxxify and Letybo continue to create fragmentation. Meanwhile, category runner-up Dysport has steadily expanded its market share since 2017, underscoring the increasing competitiveness of the category.



Dermal Fillers

Dermal fillers, while shrinking as a category overall, represents one of the more interesting stories in aesthetics today. Though 2024 sales in this category were down overall 3% year-over-year from 2023 in the calendar year 2024 (to \$3.8 billion), a split has developed in the market: while classic Hyaluronic Acid fillers have lost share and sales, newer biostimulatory fillers are growing respectably, reflecting shifting consumer preferences.

Through the full calendar year 2024, Hyaluronic Acid filler sales are down 4% to \$3.0 billion, while biostimulatory fillers are up 4% to \$787 million. While it should be noted that this growth figure for biostimulatory fillers is below the rate of growth of the non-surgical aesthetics market overall, the

divergence in growth is gradually shifting share away from HA fillers. In 2022, biostimulatory fillers represented only about 16% of the filler market, but in the first half of 2025, share has increased to over 23%.

Biostimulatory fillers, which are designed to stimulate collagen growth, have seen their best performance with Generation X. This group represents 42% of the biostimulatory market in 2024, up from 39% in 2022. Gen Z is not well-represented in the biostimulatory space because of the lack of need for young people to artificially stimulate collagen growth, but their share within Hyaluronic Acid market has seen some movement, rising from 5% of sales in this sub-segment in 2022 to 6% in 2024.



Energy-Based Devices

Patient spend on energy-based device (EBD) procedures in 2024 was \$3.6 billion, a 5% decrease from 2023. Dermal fillers maintained a higher share of total spend, with the gap widening slightly in 2024 due to a steeper decline in EBD.

Skin Rejuvenation & Resurfacing kept its lead as the top EBD sub-segment, increasing its share by nearly two points to 59% of total EBD spend despite a slight 1% decline in

dollars. Non-Surgical Skin Tightening was a relative bright spot, growing 6% and lifting share to 15%. By contrast, Laser Hair Removal fell 9% and Non-Surgical Body Contouring declined 22%.

Early 2025 readings indicate relative flatness year-over-year, though momentum in Sofwave and platforms like Sciton (maker of BBL HERO, among others) suggest pockets of growth even as the category calibrates.



Professional Grade Skincare

Patient spend on professional grade skincare (PGS) reached \$2.1 billion in 2024, a modest 0.4% increase from 2023 after steady post-pandemic expansion (+13% in 2022 and +3% in 2023). Growth was led by strength in premium, physician-dispensed brands and a steady pipeline of clinical innovation.

Brands leading growth included Plated Skin Science, which is notable for its platelet-derived exosomal products,

and saw rapidly increased adoption among medical aesthetics practices in 2024, reflecting growing consumer interest in regenerative skincare solutions.

During the first half of 2025, PGS revenue totaled \$1.1 billion, up (+3%) from H1-2024. Overall, the PGS segment demonstrated strong brand loyalty and growing consumer sophistication, with momentum favoring science-backed formulations and premium physician-dispensed lines.



Weight Loss

Of considerable note this year is the shift in the weight loss market. After rapidly increasing growth in 2022 (+74%) and 2023 (+235%), this category grew a more moderate 55% in the year 2024. Compounded GLP-1 drugs account for most of the sales in this category and, following the end of the FDA-recognized shortage, weight loss sales at medical aesthetics practices have seen some contraction this year, with Q2 2025 being the first time the category has not seen double-digit year-over-year growth since late 2021. While compounded GLP-1 sales have not been fully eliminated from the medical aesthetics channel, ongoing legal activity and new strategic pricing decisions from name-brand manufacturers makes this a segment to watch.



MEDICAL AESTHETICS PRACTICE INSIGHTS

Key Takeaways

Operational efficiency and revenue diversification are becoming increasingly important to investors evaluating businesses

Investors are becoming increasingly attuned to indicators of revenue quality in assessing business sustainability, which include measures of patient loyalty and retention, and average spend per patient

Although Midwest practices saw the strongest performance and growth, the broader slowdown in same-store results reflects rising competition across the industry.

While Gen Z's share of aesthetics patients is now roughly double what it was in 2019, the pace of this generational shift has slowed in recent years



MEDICAL AESTHETICS PRACTICE INSIGHTS

Characteristics of an Attractive Medical Spa from an Investor's Lens

Private equity groups are increasingly evaluating medical aesthetics businesses based on infrastructure, unit economics, profitability, provider diversification and stability, and scalability.

Investors strongly prefer diverse businesses with multiple providers and low revenue concentration risk. This mitigates the risk of a business becoming too dependent on one provider with a high revenue concentration. Beyond that, businesses should aim for balanced revenue contribution across providers, a consistent provider ramp for new providers, and strong provider and patient retention across the business. This leads to organic expansion of the current location or allows for growth into additional locations.

Investors also appreciate businesses with scalable unit economics. This means businesses should focus on strong profitability metrics as well as strong cash flow figures. Businesses should ideally demonstrate an annual EBITDA greater than \$1 million for competitive valuations. Furthermore, private equity groups look for compelling margins, ideally gross profit greater than 65% (not including

direct labor costs) and adjusted EBITDA greater than 20%.

Medical aesthetics is in large part attractive due to its ability to resist a recession. Potential for consistent profit margins of 20% to 30% provide insulation from a decline in economic growth and related dip in consumer demand. Medical aesthetics patients are very sticky and have been shown to prioritize aesthetic treatments even over household goods in a difficult economic environment. Recurring revenue streams are extremely important, as shown by the emphasis shown by investors on metrics such as patient retention, which ideally would be 50% for new patients and as high as 80% for returning patients, defined as patients who returned within the last year. Higher retention helps ensure revenue sustainability. Recurring revenue streams are heavily looked at in the market that helps point to patient retention. These can include subscriptions, loyalty programs, skincare, and treatment planning. Patient loyalty to a business and its brand as opposed to a provider is also a key to long-term success and attractiveness.

Growth continues to be critical for private equity investors and can come by way of same-store sales growth

as well as additional location expansion. A business that continues to add providers while effectively maximizing their capacity has established a repeatable and scalable operating model. Patients should be drawn to a brand and not a specific provider, which both facilitates growth and mitigates risk of losing patients should a provider depart from the practice. While de novo and multi-site expansion are attractive, priority should be placed on a proven operational model that allows for repeatability and predictability.

Investors continue to prefer businesses with diverse treatment offerings aligned to patient needs. Practices should be able to incorporate new technologies or treatments quickly and demonstrate fast adoption curves. Depending on its maturity, an attractive business may have 60% injectables, with the rest a mix of energy-based devices, professional grade skincare products, weight loss and dietary lifestyle, and other products and procedures. The mix of revenues can be extremely important. Medical weight loss is such an example; too high of a revenue mix being indexed toward medical weight loss makes investors nervous due to the regulatory and supply-chain risks associated with these revenues.



As has been mentioned, providers are difficult to replace in large part due to provider labor scarcity. Investors place a premium on businesses that give providers ample reason to stay, supported by structured onboarding, continued medical education and training, and clearly defined career paths that may include equity or other compensation mechanisms designed to retain high-quality providers. Investors are looking at sustainable models and systems. With proper training, for example, owners can better ensure a consistent provider that represents their brand as desired and provides consistent patient service. This also leads to improved patient retention. Finally, investors look for practices able to charge competitive pricing and tend to be wary of practices over discounting. Discounted pricing draws deal shopping consumers who are unlikely to be repeat customers.



MEDICAL AESTHETICS PRACTICE INSIGHTS

Practice-Level Performance Indicators

In 2024, aesthetics practices continued to see growth both on a new location basis and on a same-store growth basis, though growth rates have been below recent years. A slowing of growth rates on an average per-practice basis suggests the beginning of saturation in the medical aesthetics industry – pressures on growth on a per-practice basis are typically reflected in a slowdown in new practice location growth too.

Same-Store Practice Growth Analysis

In 2024, practice growth on a same-store basis slowed, with U.S. medical aesthetics practices on average seeing less than 1% growth over 2023 on a same-store basis. While same-store trends are an informative indicator of business performance, industry growth was also driven by new practice growth, which we continued to observe in 2024.



8% Avg Growth

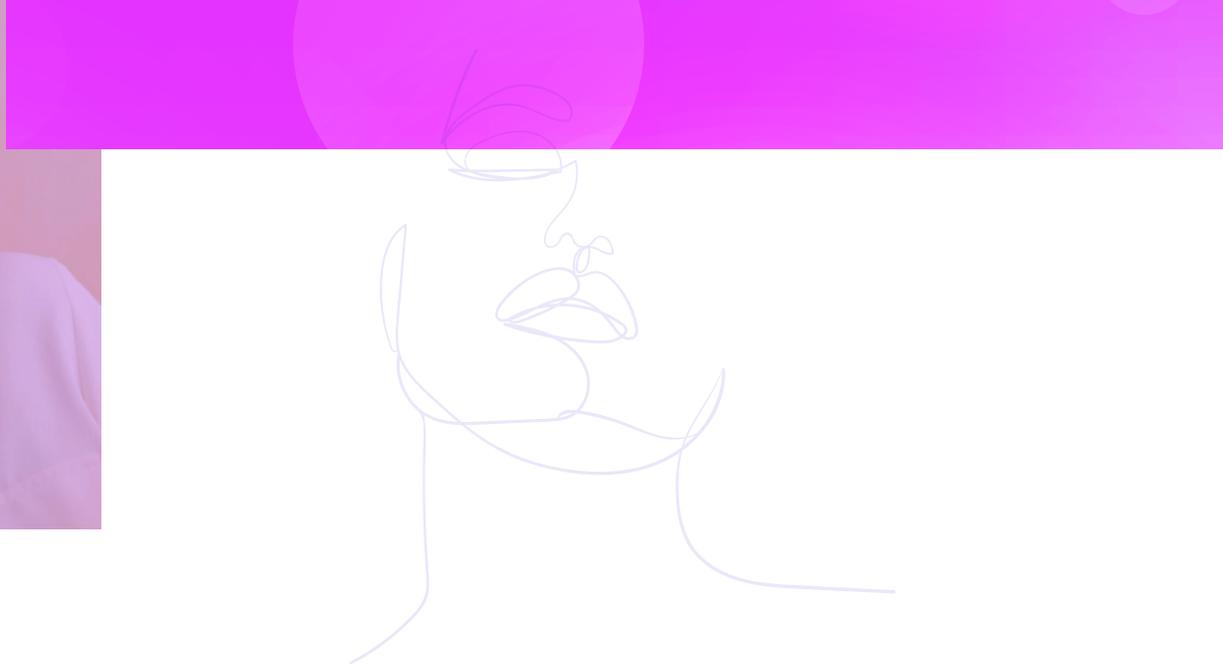
in same-store sales
for practices in the Midwest

On a regional level, practices in the Midwest saw the highest revenue growth on a same-store basis. Growth was reflected at a per-patient level too, with average patient spend growing 5% and reaching \$1,404. Meanwhile, practices in other regions saw more limited growth based on Qsight’s sample of medical aesthetics practices. Retention rates stayed relatively stable across regions too, with the biggest change in the Northeast, reflecting slightly declining revenues on a per-practice basis.

Regional Practice Growth Analysis

		Midwest	Northeast	South	West
Avg % Growth in Per-Practice Revenue (same-store)		↑ +8%	↓ -2%	0% ↓	↓ -2%
Avg Spend Per Patient (non-surgical)	2024	\$1,404	\$1,640	\$1,404	\$1,627
	% Change vs 2023	↑ +5%	↑ +2%	↑ +3%	↑ +2%
Retention	2023 to 2024	49%	44%	46%	45%
	% Change vs 2022 to 2023	0%	↓ -2%	↑ +1%	↑ +1%

Source: Qsight Sales Measurement



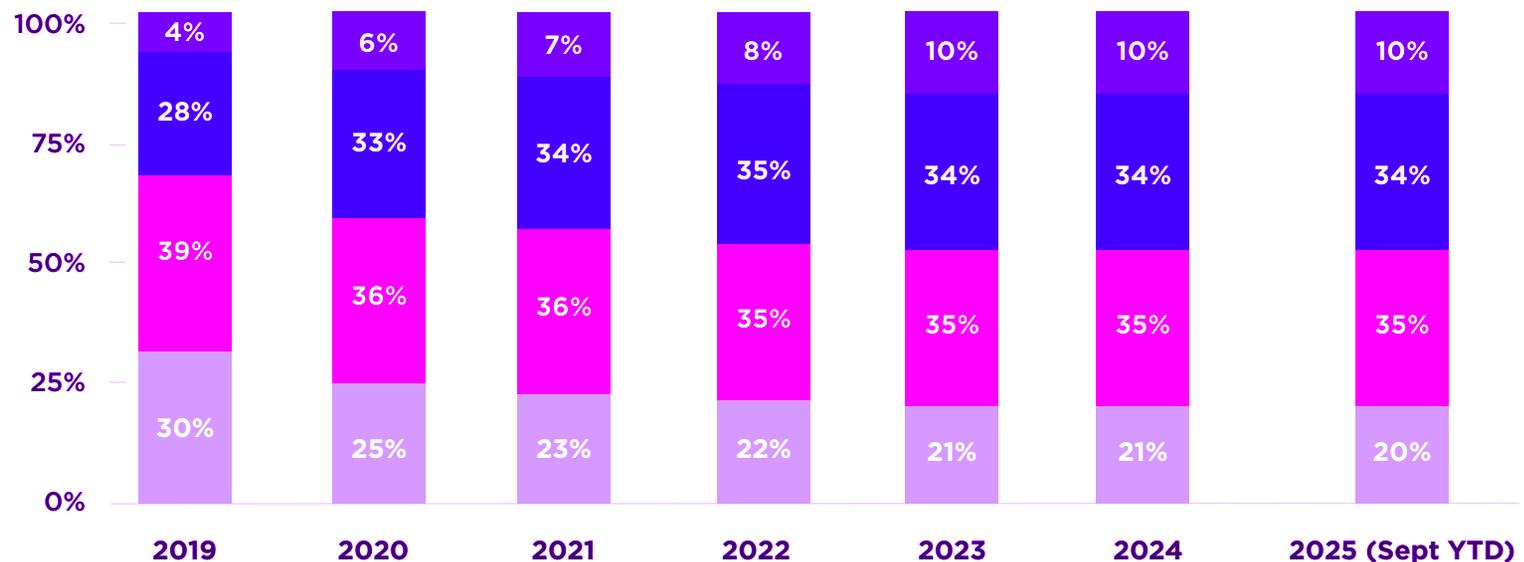
MEDICAL AESTHETICS PRACTICE INSIGHTS

Patient Spending Trends

Aesthetics Patient Age Generation Composition

The demographic of aesthetics patients continues to evolve over time. Millennials and Gen Z are growing demographics, while Gen X and Boomers are aging out of the aesthetics patient population.

Medical Aesthetics Patient Age Generation Composition



- Gen Z & Younger (>=1997)
- Millennial (1981-1996)
- Gen X (1965-1980)
- Boomer & Older (<=1964)

Source: Qsight Sales Measurement



After major generational shifts from 2019 to 2022, fueled by younger patient entry, the market now appears to be stabilizing.

Spending Behaviors by Age Group

Ongoing shifts in demand across categories continued in 2024. While injectables continue to lead in their share of spend overall, notably, weight loss has emerged in recent years as a major category in its own right, surpassing non-EBD skin rejuvenation as a driver of spend across multiple demographic groups. Interestingly, neurotoxins continue to be more popular among the middle generations (Gen X and Millennials), while dermal fillers continue to drive a higher share of spending among Boomers and Gen Z patients.



Composition of non-surgical treatment spending at medical aesthetics practices by age group (2024)

Category	Boomer & Older (<=1964)	Gen X (1965-1980)	Millennial (1981-1996)	Gen Z & Younger (>=1997)
Neurotoxins	28%	34%	36%	21%
Dermal Fillers	26%	18%	16%	21%
Energy-Based Devices	19%	17%	19%	26%
Weight Loss & Dietary Lifestyle ¹	0%	13%	12%	12%
Skin Rejuvenation (Non-EBD)	7%	6%	8%	11%
HRT & Other Products & Procedures	9%	12%	10%	9%

Qsight Sales Measurement



Spending Behaviors by Gender

On a patient gender basis, spend composition has stayed relatively stable since 2023, except for an increase in weight loss & dietary lifestyle spending, driven by growth in GLP-1 demand.

Composition of non-surgical treatment spending at medical aesthetics practices by gender (2024)

Category	Female	Male
Neurotoxin	35%	14%
Dermal Filler	21%	8%
Energy-Based Devices	19%	12%
Weight Loss & Dietary Lifestyle	12%	15%
Skin Rejuvenation (Non-EBD)	7%	6%
HRT & Other Products & Procedures	7%	45%

Source: Qsight Sales Measurement

Among men, hair transplantation procedures continued to be one of the biggest drivers of spend.



MEDICAL AESTHETICS PRACTICE INSIGHTS

M&A Activity and Summary

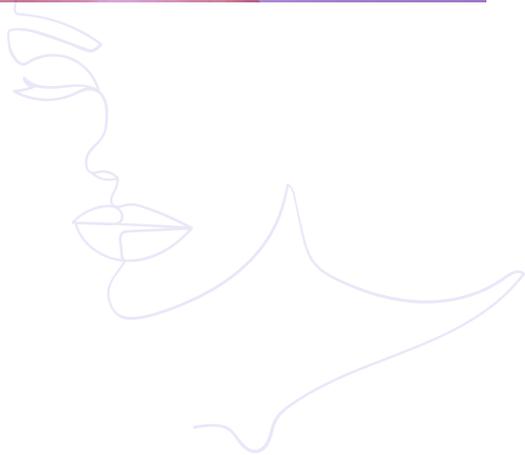
Skytale continues to see a significant uptick in transactions, with over 20 closings advised by Skytale alone since 2022, along with 10 estimated closings currently in the market. Beyond that, Skytale has a record number of medical aesthetics transactions in the market. Anecdotally, Skytale has also heard that the broader market is experiencing a record number of transactions in medical aesthetics as well. Due to favorable macro-economic and industry specific factors, 2026 has the potential to be a record-breaking year in the medical aesthetics M&A market.

Skytale continues to see the highest concentration of transactions in the Southeast and West coast markets, though the Northeast has become increasingly active, and there are a number of very strong businesses in the Midwest.

Scale scarcity in medical aesthetics has moved some financial sponsors to make an initial investment that is smaller than they are accustomed to, and then quickly build regionally with additional bolt-ons.

**Limited and fragmented data
remains one of the most
persistent challenges
for owners and investors.**

– Skytale



MEDICAL AESTHETICS PRACTICE INSIGHTS

SWOT Analysis

The State of Medical Aesthetics

The medical aesthetics industry continues to grow and has moved firmly into the mainstream of consumer healthcare as a result of its evolution into a regularly used service for personal maintenance and wellness. This growth continues to attract investors; the industry remains fragmented, and the consolidation model is proving to be successful.

Strengths

The consumer base continues to expand as treatments are now socially accepted. Adoption is happening earlier in life as it is seen as preventative, and the demographic mix continues to broaden, with men continuing to account for a larger share of patients, and Gen Z making up a larger piece of the market. The cash pay model continues to broaden into less affluent consumers through offerings such as patient financing, membership models, and tiered service offerings. Many of the medical aesthetic offerings deliver immediate and visible results, which can result in patient satisfaction, repeat customers, and the ability to retain patients. Beyond that, today's aesthetics practices are broadening their scope, bringing medical weight loss, wellness, regenerative and longevity-focused care into the fold as part of a more

comprehensive, whole-person approach. Continued innovation has resulted in less invasive procedures and a lessening of downtime, which continues to drive expanded consumer trust and return frequency. This creates a powerful circular effect in which strong results drive repeat visits, reinforce patient retention, increase LTV, and open more opportunities for cross-selling and comprehensive treatment planning. The medical aesthetic business model is also well-diversified, with versatile revenue lines that result in multiple and varied provider types, furthering its natural ability to absorb tangential services. These services have recently included wellness and longevity with offerings from metabolic health, bio-optimization, weight loss management, and combination therapy planning.

Weaknesses

There continues to be a structural gap between the growth phase and maturity of the industry. Limited and fragmented data remains one of the most persistent challenges for owners and investors. There is no standardization in medical coding, leading to inconsistencies amongst practices coding their data. Beyond inconsistent charting, there remain disconnected tech stacks and non-standardized treatment and revenue reporting, which can lead to limited benchmarking, forecasting, and apples-to-apples comparison.

Skytale is beginning to observe the emergence of enterprise-grade analytics driven by increased platform presence and demand, though penetration remains early relative to the industry's size and growth. These shifts have contributed to inconsistency in tech stacks and greater focus at the platform level.

Although Skytale typically advocates for competition and choice, device selection has become increasingly redundant, with numerous viable solutions available rather than a single broadly accepted treatment for a specific need. This leads to practices accumulating overlapping devices without a clear utilization strategy. Given the capital-intensive nature of devices, this can lead to capital inefficiency within businesses and inconsistent or unpredictable ROI as they invest in new devices.

Provider risk and concentration remains a key focus and risk for the medical aesthetic sector. Not only in patient retention, but the ability to scale a business with a consistent and predictable team. This has significant impact on valuation, expansion, and ultimately consolidation. The industry, in turn, has focused on reducing “influencer dependency,” with smarter IP ownership, tighter content controls, increased focus on consistency across all providers,



and brand-first marketing strategies. While that has helped, the struggle for provider loyalty and retention remains, as consumers continue to be loyal to their providers, even if they are also loyal to the brand.

Opportunities

The opportunities available in the medical aesthetics market are substantial and increasingly strategic, with the industry undergoing a professionalization similar to other healthcare sub-sectors in decades past. Specifically, founder-owned and led practices will typically evolve into a business resembling one with institutional backing or be acquired by a platform. Those resembling sophisticated businesses

will be compensated accordingly. There is an opportunity to differentiate as a business by way of provider diversification and development, education and training, tech stack, and operational efficiencies and consistency. There also is an opportunity for businesses. There is also meaningful opportunity for businesses that successfully integrate medical aesthetics with wellness, longevity, and functional medicine, especially as these disciplines continue to converge. Successfully doing the above should lead to a positive provider pipeline, customer retention, as well as better data to make informed business decisions.

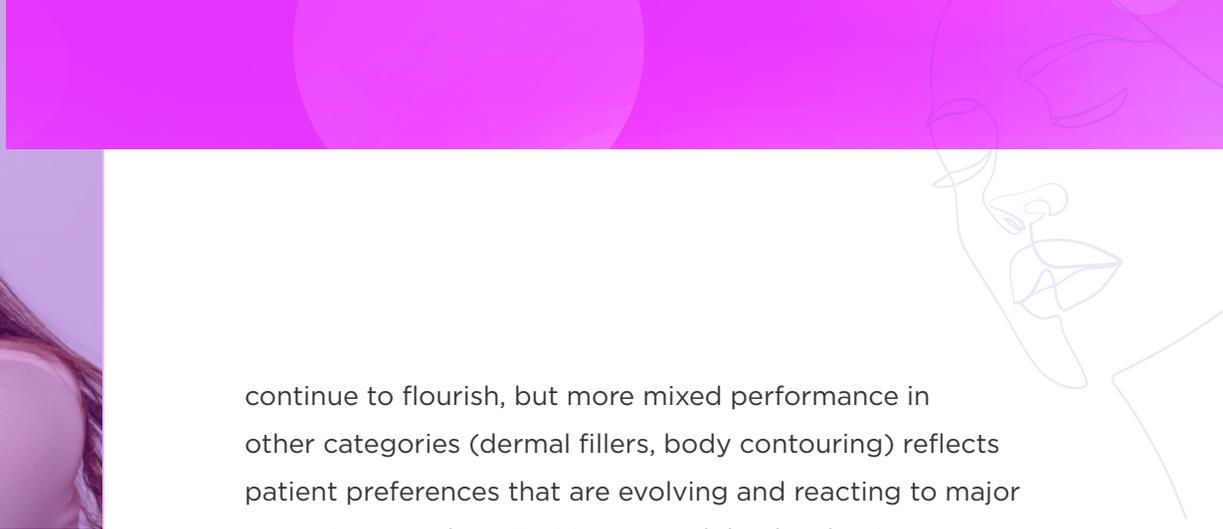


Threats

As the lightly standardized medical aesthetics industry continues its high-growth, the threats are becoming clearer. The past few months have shown increased media attention and scrutiny and have proven regulatory attention is increasing at both state and federal levels, with focus on scope of practice, supervision protocols, compound pharmacies, weight-loss prescribing, and more.

While liability risk is present in all medical procedures and disciplines, medical aesthetics has also seen reputational risk due in part to media focus on isolated

adverse outcomes and non-compliant providers and/or practices, which has the potential to attract increased regulatory scrutiny. Skytale is very bullish on consumer demand continuing to drive growth in the sector, but growth also depends on the industry's ability to self-regulate and impose standards of safety, documentation, training, and accountability or risk those being imposed by external parties.



FINAL WORDS

Conclusion

After years of unmitigated post-pandemic expansion, the U.S. medical aesthetics industry is entering a phase of more measured, strategic growth. Legacy categories like neurotoxins and device-based skin rejuvenation

continue to flourish, but more mixed performance in other categories (dermal fillers, body contouring) reflects patient preferences that are evolving and reacting to major innovations such as GLP-1s. Meanwhile, decelerating new practice establishment and same-store revenue growth necessitate that practices operate more effectively and efficiently, hallmarks of a sector entering maturity. While consumer demand remains resilient and highly recession-resistant, drivers of growth are likely to shift away from new patient acquisition and toward optimizing per-patient value, motivating providers to focus on driving loyalty and realize cross-selling opportunities to improve the quality and sustainability of their revenue.

As long as people seek to look and feel good about themselves, the aesthetics industry will continue to thrive. Consumers will always demand cheaper and more effective ways to reach aesthetic outcomes, motivating ongoing developments in an industry that has become a hotbed of innovation. With new offerings in development and treatment trends underway, Skytale and Qsight eagerly anticipate what 2026 will bring to this dynamic industry.

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